You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Shares we offer in the Global Offering. You should pay particular attention to the fact that our business is located almost exclusively in the PRC, and we are governed by a legal and regulatory environment which in some respects may differ from that which prevails in other countries. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our Shares we offer in this Global Offering could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our current production capacity limits our ability to increase our revenue; increasing our production capacity will require capital expenditure and management attention

As we currently operate much of our equipment at or near its full capacity, our ability to respond to increasing demand for our products and growth in our revenue is limited by our production capacity. Therefore, for us to make significant increases to our revenue will require us to expand such production capacity. Successful expansion of our capacity will require significant capital expenditure. In addition, it will require us to properly select, install and integrate our new production lines with our existing operations, and hire, train and manage additional production personnel to successfully increase our production capacity. Delays for any reason in our plans to increase our capacity would limit our ability to increase our sales volume. In addition, if we fail to increase production and do not have sufficient capacity to satisfy the demand for our products, our relationship with customers could be harmed.

Our future production expansion projects may not achieve the intended economic benefits

As we currently operate at or near our full production capacity, significant future growth in our revenue will require expansion of our production facilities, which in turn will require substantial capital expenditure. For the year ended 31 December 2008, we made capital expenditure of RMB110.9 million in connection with the expansion of our operations, of which RMB73.5 million was made in connection with the construction of our new production plant at Wuzhou Industrial Park (梧州市工業園區). We estimate that capital expenditure for the expansion of production capacity in 2009 and 2010 will amount to an aggregate of RMB715.4 million. The construction of new facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals and permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with our existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits from the construction of new facilities, which in turn may materially and adversely affect our business, prospects, financial condition and results of operations.

Our business depends on a stable and adequate supply of raw materials, which is subject to price volatility and other risks

Our production volume and production costs are dependent on our ability to source at acceptable prices and maintain a stable and sufficient supply of raw materials such as cattle's inner skins and packaging materials. We procure all our raw materials in domestic markets. If we are unable to obtain raw materials in the quantities and of a quality that we require, the volume or quality of our production and our revenue may be adversely affected. We expect that our raw material price will continue to fluctuate and be affected by inflation in the future. Price changes to our raw materials may result in unexpected increases in production and packaging costs, and if we are unable to manage these costs or to increase the prices of our products to offset these increased costs, our profitability will decrease.

The principal raw material we use for production of edible collagen sausage casing products is cattle's inner skins, which we purchase from the suppliers in the PRC. We cannot be sure that our supply of cattle's inner skins will not be disrupted. For example, if there is any outbreak of mad-cow disease, foot and mouth disease or any other epidemic that impacts cattle in the PRC, cattle's inner skins may not be obtainable from our PRC suppliers and we may be forced to purchase cattle's inner skins from overseas suppliers at a higher cost. Accordingly, our business and profitability may be adversely affected.

We may face competition from international competitors or competition from other substitutes for edible collagen sausage casing products which may affect our profits

The PRC market for processed meat products is growing rapidly and therefore may attract international competitors looking for sales expansion. Some of our overseas competitors may take measures such as establishing production lines in the PRC or reducing price of their products to gain entry into the PRC market. This may cause us to experience downward pressure on our price and profit margins.

We may also face competition from other substitute products for edible collagen sausage casing products such as natural sausage casing or the development of new sausage-wrapping technologies such as co-extrusion technologies which enable sausages to become casing-free. If our customers prefer any of the substitutes for edible collagen sausage casing products over our products, or the substitute products are able to be produced at lower price than our products, or the development of new technologies otherwise achieves maturity and receives market acceptance, our business and profitability may be adversely affected.

We may not be able to manage production cost-effectively

A number of factors, many of which are beyond our control, may cause delays in the delivery of our products, or increase our cost of production, which may negatively affect our profitability. These factors include manufacturing difficulties, supply disruptions and defects in raw materials or equipment. In addition, our profit margins are significantly influenced by our ability to maintain high production yields and capacity utilization. If we are unable to streamline and improve the efficiency of our production facilities or if we face technological difficulties in our production processes, it may adversely impact our ability to maintain our cost competitiveness.

During the Track Record Period, we maintained a high level of utilization at our production facilities in Wuzhou. However, we commenced production at our new production plant in Wuzhou in November 2008 and we cannot assure you that we will be able to maintain the high utilization rates that have allowed to achieve cost effective production in the future. In extended periods of low demand, we may experience relatively low capacity utilization rates in our operations which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We have experienced high growth during the Track Record Period and may not be able to maintain similar growth levels in the future

We have experienced significant growth and expansion over the Track Record Period. In 2007 and 2008, we increased our production capacity by 50.0% and 51.1%, and our sales by 45.4% and 75.1%, respectively. While we plan to continue to devote significant attention and resources to the expansion of our operations and revenue, we may not be able to continue this rate of growth in future periods. As a result, investors should not place undue reliance on our past performance.

We expect our future growth to place significant demand on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, our continued expansion will increase the challenges involved in:

- effectively managing larger scale production;
- attracting, training, motivating and retaining qualified personnel;
- adhering to health, safety, environment, and quality and process execution standards that meet our clients' expectations;
- managing the logistics, utility and supply needs of our expanded operations; and
- maintaining adequate control over our expenses.

In addition, maintaining our future growth will also depend on other extrinsic factors such as the global economy and market trends. As we cannot be sure that our efforts will be successful or external factors will remain favorable to us in the future, we may not achieve the growth and profitability targets we have set for our company.

Product liability claims against us could result in significant costs or negatively affect our reputation and could adversely affect our results of operations

We supply products used in the production of food, and also manufacture and sell a limited amount of dried meat products under our brand name "Shenguan" (「神冠」). As we operate in the food industry, we may be subject to liabilities arising from food contamination. For example, we may encounter product liability claims by consumers and receive administrative warnings from government authorities in connection with the quality of our products. If food contamination incidents occur in our production or delivery processes, we may be required to pay compensation to consumers, pay administrative fines and penalties and be ordered to suspend or cease production. Any such incident would likely generate negative publicity, resulting in a loss of consumer confidence and goodwill, which in turn may lead to a reduction in our sales and profitability. Further, we could be subject to such claims or liabilities based on contamination caused by the suppliers from whom we purchase raw materials, or caused by our customers that use our products in the manufacture of their products and sell to their end customers. However, there is no guarantee that in any action for food contamination or other product liability actions, that such suppliers or customers would be found liable, or if found liable, that they would have the resources to satisfy any judgements or fines, in which case we may be forced to meet such obligations. We do not maintain any product liability insurance that would help us to cover the costs of any potential product liability claims as such insurance is not compulsory in the PRC and is not in accordance with industry practice. Although we have never experienced any warranty or product liability claims, we cannot assure you that we will not experience material losses arising from product liability claims in the future.

We may not maintain sufficient insurance coverage for the risks associated with our business operations

Risks associated with our production and sale of collagen sausage casing products include damage to production facilities, environmental pollution, transportation damages and delays, food safety and risks posed by natural disasters, any or all of which may affect our business operations. Further, we may be unable to obtain or maintain insurance policies covering risks associated with natural disasters, business interruption or environmental damages arising from our production activities. Therefore, if we incur any losses which are not covered by our insurance policies, or the amount of compensation we receive from our insurer is significantly less than our actual loss, our financial condition could be adversely affected.

Our business is dependent on our manufacturing facilities. Severe damages to or shutdown of operations at any of our major manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations

We currently conduct all of our operations at our manufacturing facilities at Wuzhou. Our facilities are subject to operation risks, such as the breakdown or failure of our major equipment, power supply or maintenance, performance below expected levels of output or efficiency, obsolescence, labor disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could affect our operating results. In particular, Wuzhou has been among the areas most adversely affected by flooding in Guangxi, and we cannot assure you that flooding which may occur in the future will not cause our production facilities to suffer damage or will not otherwise interrupt our operations. Because all of our production facilities are located in the two production plants in Wuzhou in close proximity, any condition which halted or severely restrained production in that location, such as flooding, earthquake, fire or weather conditions, may result in a material adverse effect on our results of operations and if continued, our business prospects.

We are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing. We also shut down plants for capacity expansion and equipment upgrades. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, whether caused by any of the factors mentioned above or otherwise.

We derive a substantial portion of our sales from the PRC. Any substantial changes in the domestic demand of our products in the PRC may adversely affect our performance and profitability

During the Track Record Period, our sales were mainly derived from the PRC market. We anticipate that our sales in the PRC will continue to represent a significant proportion of our total revenue in the near future. Accordingly, our operating results and financial position are largely subject to the economic, political, social and legal developments in the PRC as well as changes in the domestic demand for our products in the PRC. There is no assurance that such changes in the PRC will not adversely affect our performance and profitability.

We depend on a limited number of customers for a substantial portion of our revenue and a loss of any one of our major customers could cause an adverse effect on our revenue

We are dependent on a limited number of customers for a substantial portion of our business. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, approximately 40.3%, 42.6%, 56.7% and 60.3% of our revenue, respectively, were derived from sales to our top five customers. During the same period, our single largest customer accounted for approximately 13.9%, 19.9%, 37.8% and 44.4%, respectively, of our total revenue. We expect that we will continue to depend on a relatively limited number of customers for a significant portion of our revenue because of the concentration of demand for our services. The ability to maintain close and satisfactory relationship with our customers is important to the future success of our business. None of our customers is presently obligated to purchase our sausage casing products or provide us with binding forecasts of purchases for any period. If any of our significant customers reduce, delay or cancel their orders, our revenue may be reduced.

As substantially all of our income is derived from the sale of edible collagen sausage casing products, any adverse change in the demand for such products would have a material adverse impact on our profitability

As the PRC's largest manufacturer of edible collagen sausage casing products, we generate substantially all of our income from manufacturing and selling these products and we expect that we will continue to generate significantly all of our income from sales of these products in the near term. We therefore depend significantly on the growth in the demand for sausage and other processed meat products for the growth in our business. We compete with other manufacturers of collagen sausage casing products, as well as alternative products, for our sales in the PRC and globally. Given our reliance on this one product line, our results of operations would be negatively impacted if there were adverse changes in the demand for these products or if our target customers chose to purchase these products from other suppliers.

We may fail in the development of new products

The processed meat product industry in which we compete is growing and experiencing changes in consumer preference and demand. As a result, we must strive to stay abreast of product trends in order to maintain our competitive position. In addition, we must continuously refine our manufacturing processes and technology to improve our production efficiency and capacity utilization. To achieve these goals, our expenses in research and development for the years ended 31 December 2006, 2007, 2008 and the six months ended 30 June 2009, amounted to RMB1.6 million, RMB11.1 million, RMB23.1 million and RMB11.7 million, respectively. We cannot assure you that we will be successful in developing new products that our customers may require, or acquiring any new technologies required to produce such products. In addition, we may devote considerable time, management attention and expenditures to develop new products that ultimately do not achieve commercial success in our market place. If we invest heavily in developing a new product which cannot be successfully completed or does not achieve market acceptance, our ability to grow our revenue and profitability may be adversely affected.

We may not be able to adequately protect our intellectual property rights

We have developed trademarks, patents, know-hows, processes, technologies and other intellectual property rights that are of significant value to us. In particular, we have obtained registered patents in the PRC for certain production methods we employ in manufacturing our products, which will expire in 2015 and 2016. There can be no assurance that any of our intellectual property rights will not be challenged, misappropriated or circumvented by third parties. In addition, the legal regime governing intellectual property in the PRC is still evolving and the level of protection of intellectual property rights in the PRC may differ from those in other jurisdictions. In the event that the steps we have taken and the protection provided by law do not adequately safeguard our intellectual property rights, we could suffer losses in profits due to the sales of competing products that exploit our intellectual property rights.

If there is any material change in our senior management or research and development team, our business may be affected

Our success, to a great extent, has been attributable to the expertise and experience of our senior management and our research and development team in the collagen sausage casing industry. Moreover, our daily operation and performance rely heavily on our senior management, while the development and reliability of our products and production processes rely closely on our research team. Should there be any material change in the composition of our senior management or research and development team, our business operation may be adversely affected.

We cannot guarantee that our dividend policy will remain at the similar level declared and paid during the Track Record Period

During the Track Record Period, our subsidiaries proposed dividends in an aggregate amount of approximately RMB80.9 million, RMB117.6 million, RMB187.0 million and RMB140.3 million, respectively, to their then shareholders for profit generated during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively. The dividend payments were financed by cash generated from our operating profits. Potential investors should note that such prior dividend distributions should not be considered as interpretation of our dividend policy. We expect that future proposals on dividend distribution will be based on our profitability, financial condition, cash demand and cash flow and other relevant factors as assessed at the time dividends are considered.

Details of our dividend policies are set out in the paragraph headed "Dividends" under the section headed "Financial Information" in this prospectus.

The national and regional economies may be adversely affected by an outbreak of epidemics, thereby affecting our business, financial condition and results of operation

The outbreak of any severe communicable disease in the PRC or elsewhere could have a material adverse effect on the overall business sentiment and environment in the PRC. This situation in turn may have a material adverse effect on domestic consumption and, possibly, the PRC's overall GDP growth. As substantially all of our revenue is currently derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or GDP may materially and adversely affect our business, prospects, financial condition and results of operations. In addition, if our employees are affected by any severe communicable disease, we may be required to close our facilities or institute other measures to prevent the spread of the disease, which may materially and adversely affect or disrupt our production. The spread of any severe communicable disease in the PRC may also affect the operations of our customers and suppliers, which may in turn have a material adverse effect on our business and profitability.

The recent outbreak of Influenza A (H1N1), also widely known as "swine flu", has caused deaths worldwide. Countries and territories including Hong Kong have officially reported cases of Influenza A (H1N1) infection. The increasing number of Influenza A (H1N1) infected cases in certain Asian countries and territories could indicate a significant epidemic, which would limit local and cross-border business activities and threaten the prospects of economic recovery in those areas. It is unclear whether the outbreak will become more aggressive or will wane in the near future. Any prolonged outbreak of Influenza A (H1N1) or other severe communicable disease in the PRC or elsewhere could have a material adverse effect on our business, prospects, financial condition or results of operations.

The global financial markets have experienced significant deterioration and volatility recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations

Certain recent adverse financial developments have impacted the global financial markets. These developments include a general slowing of economic growth both in the U.S. and globally, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will exist and which markets may be affected, these developments could continue to present risks for an extended period of time for our Company, including a potential slowdown in our sales to customers, increase in interest expenses on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If this economic downturn continues, our business, financial condition and results of operations may be adversely affected.

LEGAL AND REGULATORY RISKS RELATING TO OUR INDUSTRY

Changes in the existing food hygiene laws may affect our business

Food manufacturers in the PRC are subject to PRC food hygiene laws and regulations. These food hygiene laws require all enterprises engaged in the production of food products to obtain a hygiene license for each of their production facilities. They also set out hygiene standards with respect to food and food additives, packaging and containers, information to be disclosed on the packing as well as hygiene requirements for food production and sites, facilities and equipment used for the transportation and sale of food. The People's Republic of China Food Safety Law (《中華人民共和國食品安全法》) (the "Food Safety Law") was passed on the 28 February 2009, and took effect on 1 June 2009. In general, the Food Safety Law raised the hygiene requirements and elevated the level of governmental supervision. For example, under the Food Safety Law:

- all food additives will have to be tested and proven safe by the risk assessment principles set up by the PRC Government before they can be used;
- chemicals other than specifically permitted additives are forbidden in food production;
- no food product is exempt from inspection by the relevant food safety supervision authority; and
- all food manufacturers will have to suspend production immediately and recall all products in the market if their products fail to meet the required safety standard.

As the Food Safety Law is relatively new, we are still in the process of identifying what impact it may have on our business. Our failure to comply with the Food Safety Law or other food hygiene laws in the PRC or other jurisdictions in which we manufacture, distribute, or sell our products may result in fines, suspension of operations, loss of hygiene licenses and, in more extreme cases, criminal proceedings against us and our management. In the event that relevant authorities increase the stringency of such laws, our production and distribution costs may increase.

Compliance with the laws, regulations or enforcement policies in the PRC or future changes therein may affect our business

As a PRC operating company, our production activities and operations are subject to national, provincial and municipal laws and regulations in the PRC, including, among others, environmental, safety and health regulations with which we are required to comply. Failure to comply with these regulations may result in fines and/or suspension or revocation of our licenses or permits to conduct our business. Given the magnitude and complexity of these regulations, compliance with them may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. In addition, these regulations are constantly evolving. There can be no assurance that the PRC Government will not impose additional or stricter laws or regulations, compliance with which may cause us to incur significant costs, which we may be unable to pass on to our customers. We may incur increased costs or be required to modify our operations to comply with such requirements as a result of any such change and our business may be affected.

Environmental protection is an area of regulation that is continuously evolving in the PRC, and our violation of environmental laws could have a material and adverse impact on our operations and profitability. If an enterprise fails to report or provides false information about the environmental pollution it caused, it may receive a warning or be penalized. Failure to eliminate or control pollution within the timeframe required by regulators may result in fees for excessive discharge, imposition of a fine, or suspension or closure of our operations. We believe we comply with all relevant PRC environmental protection laws and regulations. Nevertheless, there can be no assurance that the PRC Government will not change the existing laws and regulations or make additional or stricter laws and regulations on environmental protection, compliance of which may cause us to incur significant capital expenditure. There is no assurance that we will be able to comply with any such law or regulation as may be amended or promulgated in the future.

RISKS RELATING TO THE PRC

Substantially all of our assets are located in the PRC and substantially all of our revenue is generated in the PRC. Accordingly, our business, results of operations and financial condition are subject to a significant degree to the economic, political and legal developments in the PRC.

Changes in the economic, political and social conditions in the PRC could adversely affect our business

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- structure;
- level of government involvement;

- level of development;
- growth rate;
- level and control of capital investment;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 20 years, growth has been uneven, both geographically and across the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guided the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC Government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy with socialist characteristics. However, a substantial portion of the productive assets in China are still owned and controlled by the PRC Government. For the past two decades, the PRC Government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's economic, political and social conditions, laws, regulations and government policies will have any adverse effect on our current or future business, results of operations or financial condition.

A recently enacted PRC tax law could increase the enterprise income tax rate applicable to our operating businesses in China, which could have a material adverse effect on our results of operations

On 16 March 2007, the new PRC Enterprise Income Tax law (《中華人民共和國企業所得稅法》) (the "EIT Law") was enacted, which became effective on 1 January 2008 and replaced the previous two separate tax legal regimes for foreign invested enterprises ("FIEs") and Chinese domestic companies. The EIT Law adopts a uniform tax rate of 25% for all enterprises, including FIEs, and revokes many of the previous tax exemption, reductions and preferential treatments which were applicable to FIEs. However, any enterprises that were established before the promulgation of the EIT Law that are entitled to preferential tax treatments for a fixed period will continue to be entitled to such preferential tax treatments until the expiration of such period. If the fixed period has not commenced because of losses, it shall be deemed to commence on 1 January 2008. As a result, the applicable tax rate to certain of our existing PRC operating businesses have increased from 15% to the unified tax rate of 25% under the EIT Law.

Moreover, the EIT Law provides that a withholding income tax rate of 10% will be applicable to dividends payable to foreign investors that are "non-resident enterprises" to the extent such dividends have their source within China unless the jurisdiction of such foreign investor has a tax treaty with China that provides a different withholding arrangement.

We may be deemed a PRC tax resident enterprise under the EIT Law and its implementation regulations and be subject to PRC taxation on our worldwide income

The EIT Law and its implementation regulations currently in force provide that if a non-PRC incorporated enterprise invested by a Chinese enterprise or a group of Chinese enterprises as its majority shareholder has its "de facto management organization" located within the PRC, such enterprise may be recognized as a PRC tax resident enterprise and thus may be subject to enterprise income tax at the rate of 25% on its worldwide income.

As at the Latest Practicable Date, the relevant PRC tax rules have not clarified whether and under what conditions a foreign enterprise controlled by Chinese national(s) will be regarded as a PRC tax resident enterprise and currently, it is uncertain whether the PRC local tax authority will make such determination. Thus, in the case of our Company, although certain members of our Group's management and all the Company's executive directors reside in the PRC, there have been no official tax rules promulgated regarding the determination of the "de facto management organization" for foreign enterprises which are controlled by Chinese nationals (including companies like ourselves).

Furthermore, the Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (No. 82 [2009] of the State Administration of Taxation) (《關於境外註冊中資控股企業依據實際管理機構標准認定為居民企業有關問題的通知(國税發[2009]82號》) (the "CCE Notice") currently in force has only clarified the conditions under which a foreign company invested by a Chinese enterprise or a group of Chinese enterprises as its majority shareholder would be considered as having its "de facto management organization" located in the PRC.

As such, we believe our Company is not a PRC tax resident enterprise falling within the definition of the CCE Notice because our Company is controlled by Chinese nationals and there is no Chinese enterprise or group of Chinese enterprises investing in our Company as our Company's majority shareholder.

If the PRC tax rules later clarify that any of our Group's non-PRC entities is a deemed PRC tax resident enterprise, such deemed PRC tax resident enterprise would be subject to enterprise income tax of 25% on its worldwide income (including dividend income receivable from its subsidiaries), which excludes the dividends receivable directly from another PRC tax resident. Currently we cannot assure you that we will not be treated as a "PRC tax resident enterprise" under the EIT Law and related implementation regulations and not be subject to the enterprise income tax at the rate of 25% on our income generated both inside and outside the PRC.

Interest and dividends payable by us to our foreign investors and gain on the sale of our ordinary shares may become subject to withholding taxes under PRC tax laws, which may materially and adversely affect your investment in our Shares

Under the EIT Law and implementation regulations issued by the State Council, PRC withholding tax at the rate of 10% is applicable to interest and dividends payable to investors that are "non-resident enterprises," which do not have an establishment or place of business in China, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within China. Similarly, any gain realized on the transfer of shares by such investors is also subject to 10% PRC withholding tax if such gain is regarded as income derived from sources within China. If we are considered a PRC "resident enterprise," it is unclear whether the interest or dividends we pay with respect to our ordinary shares, or the gain our non-PRC shareholders may realize from the transfer of our ordinary shares, would be treated as income derived from sources within China and be subject to PRC tax. However, Hong Kong, where our intermediate holding companies are incorporated, has entered into a treaty that reduces the withholding tax rate to 5% on dividends received by Hong Kong companies from their PRC subsidiaries under certain conditions.

If we are required under the EIT Law to withhold PRC income tax on interest or dividends payable to our non-PRC shareholders that are "non-resident enterprises," or if you are required to pay PRC income tax on the transfer of our ordinary shares, the value of your investment in our ordinary shares may be materially adversely affected. A recently enacted PRC tax law could affect tax exemptions on dividends received by us, and our shareholders and increase our enterprise income tax rate.

Governmental control of currency conversion may affect the value of your investment

The PRC Government imposes restrictions on converting RMB into foreign currencies, which will limit our transactions involving foreign currencies and adversely affect our ability to transfer funds to and receive dividends from our PRC subsidiaries. Since we generate most of our revenue in RMB, our PRC subsidiaries need to convert a portion of their revenue into foreign currencies to pay dividends to us. Under the existing foreign exchange regime in the PRC, conversion of RMB into foreign currencies for payment of dividends is subject to the procedural requirements of the SAFE. Any foreign exchange transactions for capital expenditure on equipment or merchandise also require prior approvals from the SAFE. If we are unable to obtain such approvals, our capital expenditure plans and, consequently, our ability to grow our business, could be affected. Moreover, changes in the PRC foreign exchange regulations may adversely affect our ability to transfer funds to and receive dividends from our PRC subsidiaries.

Fluctuations in the exchange rate of RMB may adversely affect our business, financial condition and results of operations

The value of RMB against other foreign currencies is subject to changes in the PRC Government's policies and international economic and political developments. Under the current unified floating exchange rate system, the conversion of RMB into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the People's Bank of China, which are quoted daily based on the inter-bank foreign exchange market rates on the previous day and current exchange rates on the world financial markets. Since 1994, the official exchange rates for the conversion of RMB to Hong Kong and U.S. dollars have generally been stable. However, with effect from 21 July 2005, the PRC Government reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. As a result, the RMB appreciated against Hong Kong and U.S. dollars by approximately 2.0% on the same date. On 23 September 2005, the PRC Government widened the daily trading band for RMB against non-U.S. dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system. It is uncertain if the exchange rates of Hong Kong and U.S. dollars against RMB will further fluctuate. In the event of significant changes in the exchange rates of Hong Kong and U.S. dollars against RMB, our ability to make dividend payments in foreign currencies may be adversely affected. In addition, we may deposit the unused proceeds from the Global Offering in bank accounts without converting them into RMB assets. In the event that the appreciation of Renminbi against U.S. dollar and Hong Kong dollar continues, we may record a negative amount in the exchange reserve, which will decrease our total equity attributable to equity holders.

Uncertainty with respect to the PRC legal system could affect our operations

As substantially all of our businesses are conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as references. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit our ability to use the proceeds of the Global Offering to make additional capital contributions or loans to our PRC operating businesses

Any capital contributions or loans that we, as an offshore company, make to our PRC operating businesses are subject to PRC regulations. For example, any of our loans to our PRC operating businesses cannot exceed the difference between the total amount of investment our PRC operating businesses are approved to make under relevant PRC laws and their respective registered capital, and must be registered with the local branch of the SAFE as a procedural matter. In addition, our capital contributions to our PRC operating businesses are subject to the approval of local administration for industry and commerce or other relevant local authorities. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions or provide loans to our PRC operating businesses or to fund their operations may be negatively affected, which could adversely affect their liquidity and their ability to fund their working capital and expansion projects and meet their obligations and commitments.

Furthermore, the SAFE promulgated a new circular in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprises into RMB. Pursuant to this new circular, RMB converted from foreign exchange capital contribution can only be used for the activities within the approved business scope of such foreign invested enterprise and cannot be used for domestic equity investment or acquisition unless otherwise allowed by PRC laws or regulations. As a result, we may not be able to increase the capital contributions of our operating subsidiaries and subsequently convert such capital contribution into RMB for equity investment or acquisition in China.

It may be difficult to enforce against us, our Directors or our senior management in the PRC any judgments obtained from non-PRC courts

Substantially all of our assets are located within the PRC. China does not have treaties with many countries that provide for the reciprocal recognition and enforcement of judgments of courts, and specifically does not have treaties with Japan, the United States and the United Kingdom. Therefore, it may be difficult for you to enforce against us, any of our Directors or our senior management in the PRC any judgments obtained from non-PRC courts.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares, and the liquidity and market price of our Shares may be volatile

Prior to the listing of our Shares on the Stock Exchange, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between us and the Joint Bookrunners (on behalf of the Underwriters), and may differ from the market price for our Shares after listing. We have applied to the Stock Exchange for the listing of, and permission to deal in, our Shares. However, there is no assurance that the listing of our Shares on the Stock Exchange will result in the development of an active and liquid public trading market for our Shares. The market price, liquidity and trading volume of our Shares may be volatile. There can be no assurance as to the ability of the holders to sell their Shares or the price at which those Shares can be sold. As a result, our Shareholders may not beable to sell their Shares at prices equal to or greater than the price paid for their Shares under the Global Offering. Factors that may affect the volume and price at which our Shares will be traded include, among other factors:

- the perception of investors on our Group and our future business plan;
- the investment environment in Asia, including in particular Hong Kong and the PRC;
- variation in our operating results;
- technological innovations and other developments in the processed meat market;
- changes in our pricing policy as a result of the presence of competitors;
- changes in our senior management personnel; and
- general economic and other factors in the PRC and other Asian countries and our Group's other principal markets.

Furthermore, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past due to reasons not relating to themselves, and our Shares may also be subject to changes in price not directly related to our performance.

You will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible assets value to HK$0.83 per Share, based on the maximum Offer Price of HK$3.10, assuming that the Over-allotment Option is not exercised.

In order to raise capital and expand our business, we may consider offering and issuing additional Shares in the future. We may also issue additional Shares pursuant to the exercise of options to be granted under our Share Option Scheme. Purchasers of our Shares may experience dilution in the net tangible assets book value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible assets book value per Share.

Future sales by our Directors, officers or current Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

Future sales of a substantial number of our Shares by our Directors, officers or current Shareholders, including Shares issued upon the exercise of outstanding options in the public markets in Hong Kong, or the possibility of such sales, could negatively impact the market price in Hong Kong of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods up to six months after the date on which trading in our Shares commences on the Stock Exchange, details of which are set forth in section headed "Underwriting" in this prospectus. While we are not aware of any intention on the part of our Controlling Shareholders to dispose of significant amounts of their Shares upon the expiration of such lock-up periods, we cannot assure you that they will not dispose of any or all of the Shares they may own now or in the future.

We cannot guarantee the accuracy of facts, forecasts and other statistics derived from official government publications with respect to the PRC, the PRC economy and the PRC industries that affect our business, which are contained in this prospectus

Facts, forecasts and other statistics in this prospectus relating to the PRC, the PRC economy and the PRC industries that affect our business have been derived from various official government publications generally believed to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Joint Sponsors and the Underwriters or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between official government publications and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

The market price of our Shares could be lower than the Offer Price and you may thereby suffer loss

The initial price of our Shares sold to the public in the Global Offering will be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until our Share certificates are delivered. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the market price of our Shares could be lower than the Offer Price.

You may experience difficulties in enforcing your Shareholder's rights because we are incorporated in the Cayman Islands, and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong and other jurisdictions

We are an exempted company incorporated in the Cayman Islands with limited liability, and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. Our corporate affairs are governed by the Memorandum and Articles of Association, the Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in other jurisdictions. This may mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of other jurisdictions. For further details, please refer to the paragraphs headed "Cayman Islands Company Law" in Appendix VI to this prospectus.

You should not rely on any information contained in press articles or other media regarding our Company and the Global Offering

Prior to the publication of this prospectus, there has been certain press and media coverage (including but not limited to the articles appearing in the *South China Morning Post* on 29 August 2009, *Hong Kong Ta Kung Pao* and *Sing Tao Daily* on 16 September 2009, and *Hong Kong Daily News, Hong Kong Economic Journal* and *Oriental Daily News* on 17 September 2009) regarding our Company and the Global Offering which included certain financial information, industry comparisons, profit forecasts and other information about our Company that does not appear in this prospectus. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any decision as to whether to subscribe for the Shares.