Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider the following risks and special considerations associated with an investment in our Company before making any investment decision in relation to the Offer Shares. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus contains certain forward-looking statements regarding our Group's plans, objectives, expectations, and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks and you may lose all or part of your investment.

RISKS ARISING FROM OUR RELATIONSHIP WITH OUR FRANCHISOR

We are reliant on Shigemitsu, which is our largest supplier

Besides being our Franchisor, Shigemitsu is also our largest supplier. In particular, it supplies us with a special Japanese soup base and condiments which gives our white soup its unique flavour. Shigemitsu is our sole supplier in respect of this special soup base and condiments, and we are contractually bound under the Franchise Agreements to purchase the white soup base and condiments exclusively from Shigemitsu. Our purchases of food ingredients from Shigemitsu accounted for approximately 36.5%, 24.8%, 15.5% and 16.0% of our Group's purchases for each of the three financial years ended 31st December 2005 and the nine months ended 30th September 2006 respectively. In the event that Shigemitsu is not able to or refuses to satisfy our purchase orders, especially the special soup base and condiments, our operations may be disrupted. This may have an adverse financial impact on our earnings.

We are governed by the terms of our Franchise Agreements with Shigemitsu

Our operations in Hong Kong and the PRC are subject to the terms of our Franchise Agreements with Shigemitsu. We have secured a perpetual franchise for Hong Kong, Macao and the PRC since 19th February 2006, subject to a review of the business arrangements after every 38 years. Under the Franchise Agreements, we are required to pay to our Franchisor franchise fee and technical fee. We are also required to pay for any costs of supplies incurred under such agreements. These payments represent 12.6%, 10.3%, 6.4% and 6.1% of our revenue for each of the three financial years ended 31st December 2005 and the nine months ended 30th September 2006. As the "Ajisen" franchise requires substantial payments to be made by us to our Franchisor, our financial performance may be affected in the event that these payments exceed the revenue earned by us.

The Franchise Agreements may be terminated in the event that we fail to comply with some of the terms therein. Under the HK Franchise Agreement, the franchise agreement would be terminated if we (a) fail to pay the franchise fee, technical fee or cost of supplies in accordance with the agreement, (b) fail to purchase and use the special soup base and condiments from our Franchisor for our business, or (c) are subject to any winding-up order by the Court. Under the PRC Franchise Agreement, the franchise agreement would be terminated if we (a) fail to pay the trademark licence fee, the technical fee and/or cost of supplies in accordance with the agreement, (b) fail to purchase and use the special soup base and condiments from our Franchisor for our business, or (c) are subject to any winding-up order by the Court. In the event that any or both of the Franchise Agreements are terminated, we will be unable to carry on operating the "Ajisen" franchise. This will have a material adverse effect on our profitability and our ability to continue carrying on business in the present form. For more information on our contractual relationship with our Franchisor, please refer to the paragraph headed "The Ajisen Franchise" under the section headed "Business" of this prospectus.

We are reliant on Shigemitsu's good business standing

Due to our close business association with Shigemitsu, we are dependent on the good business standing of both Shigemitsu and the "Ajisen" brand name. In the event that the goodwill of Shigemitsu or the "Ajisen" brand name is adversely affected due to factors such as: (1) any business reversal that Shigemitsu may encounter; (2) a failure by Shigemitsu to promote the "Ajisen" brand name or restaurant concept; (3) the inability or failure of Shigemitsu to support any of its franchisees, including us; (4) or the failure of Shigemitsu to successfully operate its business, our standing in the FCR industry may be tarnished considerably and our business will be materially and adversely affected.

RISKS RELATING TO OUR BUSINESS

Our business is subject to the laws and regulations in various locations in which we operate, in particular, the PRC and Hong Kong

We will be required to comply with the laws and regulations of each country in which we operate. As a prerequisite for opening and establishing restaurant outlets and food manufacturing and processing facilities in Hong Kong and the PRC, we are required to obtain from the various Hong Kong and the PRC governmental authorities certain permits and business licences for, including but not limited to, the sale of food and alcoholic beverages, sanitation, fire safety, food hygiene and food safety, and the import and export of food ingredients and products. Our chain restaurants and food manufacturing and processing facilities are subject to regular inspections by the relevant authorities for compliance with applicable regulations.

As at the Latest Practicable Date, we have not obtained the following licences, permits and/or approvals:

Hong Kong

We have not obtained the general restaurant licences for two of our Ajisen restaurants in Hong Kong because the application process for renewal of the provisional restaurant licence (which is valid for 6 months) or issue of general restaurant licence was unexpectedly prolonged. Under the Hong Kong Public Health and Municipal Services Ordinance and Food Business Regulations (Chapter 13 of the Laws of Hong Kong), a restaurant operator is required to obtain a restaurant licence from the FEHD before they can commence operations. Any restaurant operating without a restaurant licence may be subject to a closure order by the FEHD. Pursuant to Section 35 of the Food Business Regulation (Chapter 132X of the Laws of Hong Kong), any person who carries on a restaurant business without a valid licence from the FEHD shall be liable on summary conviction to a maximum fine of HK$50,000, imprisonment for 6 months and HK$900 for each day where the offence is a continuing offence. We are in the process of applying for restaurant licences for our two restaurants, and are confident that we will obtain them prior to the Listing Date. In the event that we are unable to obtain these restaurant licences by the Listing Date, we will immediately cease operation of these two restaurants. Our Controlling Shareholder, Poon Wai has undertaken to indemnify us against any fines, expenses, penalties, losses and damages suffered as a result of our restaurants operating without a restaurant licence.

PRC

Business Licences

We have not obtained business licences for two of our Ajisen chain restaurants in the PRC due to the administrative oversight of our landlords. Under PRC laws, all businesses must first obtain a valid business licence from the SAIC before they can commence operations. Any business operating without a valid business licence is operating illegally and may be penalised with fines of not more than RMB20,000 and/or forced to shut down by the PRC authorities. If we are forced to shut down the two restaurants by the PRC authorities and/or incur fines for non-compliance of PRC laws and regulations, our business operations will be affected. These two restaurants have only commenced operations recently in October and November 2006 and we have already applied to the PRC authorities for the business licences. We undertake to obtain business licenses of these two Ajisen restaurants by the Listing Date. We further undertake that we will obtain all business licences for all restaurants and food manufacturing and processing facilities before we commence business in the future. Our Controlling Shareholder, Poon Wai has also undertaken to indemnify us against any fines, expenses, penalties, losses and damages suffered as a result of our restaurants operating without a business licence.

Fire Safety Approvals

We have not obtained fire safety approvals for 11 of our properties (inclusive of our chain restaurants and Beijing processing centre) in the PRC. Two of these properties belong to Fuzhou Weiqian over which we have no management control. As for the remaining nine properties, we are experiencing difficulties in obtaining the fire safety approval for one of our restaurants, which is located at No. 1 Liulin Road, Shanghai ("Liulin Restaurant") as our landlord, who is the owner of the building in which our restaurant is situated, has not obtained the fire safety approval for the entire building. Hence, we are unable to apply for a fire safety licence for this restaurant unless the building first obtains its fire safety approval.

Under the PRC fire safety laws and regulations, we are required to undergo fire inspection checks and obtain fire inspection certificates for all our Ajisen chain restaurants and food manufacturing and processing facilities in the PRC before we can commence operations. An entity which has not passed the fire safety inspection would be required by the PRC Fire Control Bureau to make necessary adjustments to its premises within a stipulated time frame in order to comply with fire safety requirements. Any failure to make such adjustments could result in penalties such as an order to stop utilising the premises and the imposition of fines of not more than RMB1,000 on the person responsible for the operations. We have been advised by our PRC legal counsel that besides imposing a fine on the person responsible for the restaurant operations, fines may also be imposed on the non-compliant restaurant itself, although the relevant PRC fire safety laws and regulations do not specify the penalty amount which the non-compliant restaurant would incur. The PRC authorities also have the authority to shut down any business if it fails to make any adjustments to the property in order to comply with the PRC fire safety laws and regulations or obtain the fire safety approval within a reasonable time frame. We have also been advised by our PRC legal counsel that should a fire occur in any of these 11 properties, we may be liable for any losses or damages to property or injuries to persons, the quantum of which would depend on the outcome of findings of a PRC court. Owners of the buildings which have not obtained a fire safety approval may also be likewise liable.

For the nine months ended 30th September 2006, the aggregate revenue and aggregate profit generated from these nine properties amounted to approximately RMB19.1 million (representing approximately 4.4% of the total revenue of our Group) and approximately RMB3.5 million (representing approximately 4.1% of the total profit of our Group) respectively. As we have not included Fuzhou Weiqian in our Group's consolidated financial statements, its two properties will not affect our revenue or profit. In the event that we are fined or forced to shut down all nine restaurants and food manufacturing and processing facilities, or in the event that we are required to relocate some of our restaurants or food manufacturing and processing facilities to compliant premises, our business operations and financial performance may be adversely affected. Save for the Liulin Restaurant, we are confident that we will obtain fire safety approvals for the other eight properties before the Listing Date. In the event that we are unable to obtain the fire safety approvals for any of these eight properties by the Listing Date, we will cease operations in these properties and find alternative locations which are compliant with the fire safety regulations. In the event that we are unable to obtain the fire safety approval for the Liulin restaurant within six months from the Listing Date, we will have to cease operations of the Liulin Restaurant and find an alternative location which is compliant with the fire safety regulations. We undertake to obtain all fire safety approvals for our Ajisen restaurants and food manufacturing and processing facilities before commencing business in the future. Our Controlling Shareholder, Poon Wai has undertaken to compensate us for (1) all fines, expenses, penalties, losses and damages resulting from our usage of the properties without first obtaining fire safety approvals, and (2) all economic losses (criminal or civil) which cannot be adequately compensated by our insurance coverage in the event that a fire occurs in any of these nine properties.

Environmental Protection Approvals

We have not obtained environmental protection approvals for 12 of our Ajisen restaurants in the PRC, a food processing centre in Beijing, the Shenzhen Factory and the Shanghai Factory. Three of these properties belong to Fuzhou Weiqian over which we have no management control. As for the remaining nine properties, we are in the process of applying for the environmental protection approvals for these properties. Under the relevant PRC environmental laws and regulations, we must apply for the environmental protection approval within three months of commencing operations at the new premises. In particular, we are experiencing difficulties in obtaining the environmental protection approvals for the Shanghai Factory and the Liulin Restaurant. During the construction of the Shanghai Factory, we omitted to submit the 環境影響登記表 (environmental impact registration) to SEPA for approval. Hence, we are now unable to apply for an environmental protection approval due to this irregularity. A failure to submit an environmental impact registration during the construction phase of Shanghai Factory carries a fine of not more than RMB100,000. As for the Liulin Restaurant, our landlord has not obtained the environmental protection approval for the building itself. Hence, we are unable to apply for the environmental protection approval for Liulin Restaurant unless the owner of this building first obtains the building's environmental protection licence.

The PRC environmental authorities may ask us to make any adjustments to the property within a stipulated time frame in order to comply with the PRC environmental law and regulations, failing which, we would be liable to a fine of not more than RMB50,000. The PRC environmental protection authorities also have the authority to order the cessation of operations of any business which fails to obtain an environmental protection approval within a reasonable time frame. For the nine months ended 30th September 2006, the aggregate revenue and aggregate profit generated from these 12 properties amounted to approximately RMB41.6 million (representing approximately 9.5% of the total revenue of our Group) and approximately RMB6.5 million (representing approximately 7.6% of the total profit of our Group) respectively. As we have not included Fuzhou Weiqian in our Group's consolidated financial statements, its three properties will not affect our revenue and profit. In the event that we are fined in respect of all 12 properties or forced to close down, our business operations and financial performance may be adversely affected.

We intend to relocate the Shanghai Factory from its present premises to the Songjiang Industrial Zone, Shanghai or failing which, to another suitable location within 12 to 18 months after the Listing Date. Save for the Shanghai Factory, the Liulin Restaurant and the 3 properties belonging to Fuzhou Weiqian, we are confident that we will obtain the environmental protection approvals for the other 10 properties before the Listing Date. In the event that we are unable to obtain the environmental protection approvals for any of these properties by the Listing Date, we will have to cease operations in these properties and find alternative locations which are compliant with the environmental protection regulations. For the nine months ended 30th September 2006, the aggregate revenue and aggregate profit generated from these 10 properties amounted to approximately RMB25.3 million (representing approximately 5.8% of the total revenue of our Group) and approximately RMB2.8 million (representing approximately 0.4% of the total profit of our Group) respectively. In the event that we are unable to obtain the environmental protection approval for the Liulin Restaurant within six months from the Listing Date, we will cease operations of the Liulin Restaurant and find an alternative location which is compliant with the environmental protection regulations. For the nine month ended 30th September 2006, the aggregate revenue and aggregate profit generated from the Liulin Restaurant amounted to approximately RMB1.2 million (representing approximately 0.3% of the total revenue of our Group) and approximately RMB0.4 million (representing approximately 0.4% of total profit of our Group) respectively. Our Controlling Shareholder, Poon Wai has undertaken to indemnify us against any fines, expenses, penalties, losses and damages as a result of our restaurants operating without an environmental protection licence.

Please refer to the paragraph headed "Regulatory Framework" under the section headed "Business" of this prospectus for more information on the PRC licensing requirements applicable to us.

We are subject to laws governing our relationship with our employees

We are also subject to laws governing our relationship with our employees including minimum wage requirements, overtime pay, working conditions and work permit requirements. Compliance with the relevant laws and regulations may increase our operating costs or affect the operation of our business.

Under the PRC social security regulations, we are required to provide social insurance to our employees, namely insurances for retirement, unemployment, maternity, sickness and work-related injuries suffered by the employees (details of which vary with the legal requirements of different regions). An employer is obligated to pay its social security premiums and to withhold and pay its employees' portions to the relevant administrative authorities of the PRC Ministry of Labour and Social Security. Any employer who fails to pay its social insurance premiums or withhold payment of the employee's portion may be ordered by the PRC Ministry of Labour and Social Security or the PRC Tax Bureau to make good such payments within a stipulated time limit, and may be liable to pay a late payment fine of 0.2% per day computed from the date when the amount becomes overdue, such late payment fines shall be consolidated into the social insurance funds. A failure to register an employee with the labour and social security authorities or to inform them of any changes or to de-register any employee who has resigned is punishable with a fine ranging from RMB1,000 to RMB10,000 depending on the severity of the offence.

Due to the fast expansion of our Group and the mobility among junior staff, we have inadvertently omitted to keep track of our social security payments. We have underpaid our social security premiums by approximately RMB72,271, RMB318,615, RMB977,377 and RMB669,775 for each of the three financial years ended 31st December 2005 and the nine months ended 30th September 2006 respectively.

Since March 2006, we have been ensuring that all our employees are registered with the PRC labour and social security authorities and have been making progressive repayments of the outstanding social security to them. As at the Latest Practicable Date, we have not received any notices from the PRC Ministry of Labour and Social Security or the PRC tax authorities asking us to make payment of the outstanding social security premiums. Our Controlling Shareholder, Poon Wai, has also undertaken to compensate us for any fines, expenses, penalties, losses and damages incurred due to the late payments. We have made a provision for social security of approximately RMB72,271, RMB318,615, RMB977,377 and RMB1,819,842 in our accounts for each of the three financial years ended 31st December 2003, 2004 and 2005 and the nine months ended 30th September 2006 respectively.

The availability, quality and price fluctuations of food ingredients will affect our business and financial performance

Our food manufacturing and processing facilities and chain restaurants are highly dependent on a sufficient supply of food ingredients that meet our quality requirements. As the sufficiency in the supply of food ingredients is dependent on many factors, the occurrence of diseases, droughts, floods, earthquakes or other disruption on a significant scale will affect supply. A material shortage in the supply of our food ingredients will affect our production and the processing of our food products as well as the operation of our chain restaurants. This may in turn have an adverse effect on our business and results of operations.

Fluctuations in the supply of food ingredients will in turn further affect the market price of these food ingredients since their market price is determined principally by market supply and demand. Hence, the market price of food ingredients may vary from season to season depending on raw material harvests or the occurrence of any natural disasters. A significant increase in the market price of food ingredients will have an adverse effect on our profit margins and financial results if we are unable to pass such increase in the price of food ingredients to our customers.

Besides Shigemitsu, we procure all our other food ingredients from third party suppliers. If our suppliers, owing to whatever reasons, are not able to continue supplying us with an adequate amount of food ingredients to satisfy our present and future needs, and/or are not able to supply us with food ingredients which meet our stringent quality requirements, there would be interruptions to or a decline in the amount or quality of our food ingredients which in turn could materially disrupt and adversely affect our business.

The public liability insurance which we have purchased may be inadequate and we may be affected by customer complaints, negative publicity or product liability claims

Like all operators in service-oriented industries, we are subject to customer complaints. In particular, being in the F&B industry, we also face an inherent risk of food contamination and product liability claims. Consumers of our food products may complain about the quality of our food products or may allege illness after consuming our food products. Customers may also allege the loss of personal property in our restaurants. We may also face complaints from unsatisfied customers who are unhappy with the standard of service offered by our sub-franchised restaurants. Any complaints, regardless of their nature and validity, may affect our reputation, thereby adversely affecting the results of our operations. We may also have to incur additional costs in placating any customers or salvaging our reputation.

In the event that our insurance coverage is inadequate, we may be required to compensate our customers for any illness or injuries suffered, or damage to personal property if we are found to be at fault. If any complaint escalates to become a claim against our Group, even where unsuccessful, we would be required to divert resources to address the claim. Our liabilities in respect of such claims could adversely affect our financial position and results of operations.

Our business may also be adversely affected by negative publicity resulting from the publication of industry findings or research reports, health concerns concerning any of our food ingredients, any allegations of poor standards of hygiene or cleanliness. Any such complaints and negative publicity, regardless of their validity, may reduce the number of consumers of our food products. Depending on the severity of such complaints, we may even be ordered to suspend or cease all or part of our business operations by the local health authorities. The results of our operations may therefore be materially affected.

Wrongdoings by our employees and/or outsiders may harm our business

The cash sales in our Ajisen chain restaurants and food products in our chain restaurants and food manufacturing and processing facilities are handled by our staff. We may be susceptible to pilferage, theft, or even the deliberate contamination of our food products by our staff and/or our customers. These wrongdoings may harm our operating results and profits. Please refer to the paragraph headed "Cash Management System" in the section headed "Business" of this prospectus for further information on our internal monitoring systems.

Our intellectual property rights may be infringed upon or we may inadvertantly infringe third party rights

Our Franchisor has registered the "Ajisen" trademarks in both Hong Kong and the PRC and has also licensed to us the right to use these trademarks under the Franchise Agreements. We believe that the "Ajisen" trademarks have significant value and are important to our brand building efforts and the marketing of our business. Hence, we regard the protection of our intellectual property rights as one of the most important factors to our success. In order to protect our intellectual property rights, we rely on relevant laws for such protection. Notwithstanding the foregoing, it may be possible for a third party to unlawfully obtain and use our intellectual property rights, which may adversely affect our business and profitability.

Besides our brand name, our Ajisen chain restaurant concept and packaged noodle business may also be susceptible to imitation from our competitors. Our recipes, production processes, know-how and product packaging are essential to the appeal of our packaged noodle products and our branding. In particular, our white soup and ramen are an important and integral feature of our business. If our competitors are able to successfully imitate our chain restaurant concepts, menus, recipes, production processes, know-how or product packaging, and offer cheaper and more appealing and popular noodle products and Japanese-style dishes, our market share may decrease, thereby adversely affecting our business. Conversely, if our competitors offer dishes which are sub-standard in quality thus causing consumers to lose interest in the type of food that we offer or which causes harm to consumers, the goodwill generated by our brand may be eroded and our business and financial position may be adversely affected. We may also incur additional costs in instituting legal proceedings to defend our intellectual property rights, thereby adversely affecting our financial performance.

There is also no assurance that third parties may not initiate litigation proceedings against us alleging infringement of their intellectual property rights. Our Directors are currently not aware of any of our products infringing any intellectual property rights of third parties. Any claims or litigation involving infringement of intellectual property rights of third parties, whether with or without merit, could result in a diversion of our resources and may adversely affect our Group's financial results and operations.

Disruptions to any of our Ajisen chain restaurants and/or food manufacturing and processing facilities will affect our financial conditions and results of operations

Our business will be affected by disruptions to any of our Ajisen chain restaurants and/or food manufacturing and processing facilities. For instance, the occurrence of a fire, machine down-time, power failure, power surges, disruptions to gas, power or water supplies, explosions of our facilities or injuries to our staff may result in the suspension or delay in our business or production process. In addition, our business may also be interrupted or otherwise affected by labour strikes or natural disasters, such as floods, droughts and earthquakes, which could cause damage to our chain restaurants or food manufacturing and processing facilities. Any major disruption to our restaurants or food manufacturing and processing facilities could have a material adverse effect on our business operations, financial conditions and results of operations.

Our business is dependent on prompt delivery and quality transportation of our food products and raw materials

Disruptions such as adverse weather conditions, natural disasters and labour strikes could lead to delayed or lost deliveries to our Ajisen chain restaurants or customers, and may result in the loss of revenue and compensation to our customers for late delivery. There may also be instances where the conditions of fresh, chilled or frozen food products, being perishable goods, may deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our logistics department or suppliers. This may result in a failure on our Group to provide quality food and services to customers, thereby damaging our reputation.

Our business is reliant on key personnel including Poon Wai and Yin Yibing

Our success is attributable to the expertise and experience of two of our executive Directors, Poon Wai and Yin Yibing, as well as other members of senior management of our Group. Our CEO, Poon Wai, is our founder and has over 10 years of experience in the F&B industry. She has been instrumental to the inception of our Group and has steered the growth and expansion of our Group and business. Poon Wai, together with the other executive Directors and senior management, have been responsible for formulating and implementing our overall business strategy and corporate development. Most of our senior management also have extensive experience and expertise in the F&B industry.

Our continued success is dependent on our ability to retain the services of our senior management as they are expected to play an important role in guiding our business strategy and future plans. While Poon Wai and Yin Yibing have entered into service agreements with the Company for an initial period of three years, they may terminate their services by giving us six months' notice of their intention to leave. The loss of the services of any of these key personnel without suitable and timely replacements, or the inability to attract or retain qualified personnel, may disrupt or affect our business operations.

Our restaurant operations are service-oriented and therefore our employees are important to us

Our continued success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified and skilled employees for our chain restaurant operations, including restaurant managers, cooks, kitchen staff and waiters. Any failure to recruit skilled personnel and to retain key staff may adversely affect our operations and expansion plans. Any material increases in employee turnover rates in our existing chain restaurants could have a material adverse effect on our business operations, financial condition, operating results or cash flow. Additionally, competition for acquiring qualified employees would require us to pay higher wages to attract and retain sufficient employees, which could result in higher labour costs and lower profits.

Our employees may also suffer from injuries during the course of their employment which our insurance may not adequately cover. In such circumstances, we may be required to compensate our employee directly. Our liabilities in respect of such claims may affect us financially.

We depend on the cooperation of our sub-franchisees and other independent overseas Ajisen restaurants in upholding the "Ajisen" brand and reputation

As at the Latest Practicable Date, we had entered into three sub-franchise arrangements with Independent Third Parties to run three sub-franchise restaurants at the arrival and departure halls of Hong Kong International Airport and at Meilan Airport in Haikou, Hainan (PRC). All three sub-franchise restaurants are operating under the "Ajisen" brand name. As part of our business strategy and future plans, we plan to enter into more sub-franchise arrangements in order to quickly expand our network of chain restaurants.

Besides entering into the Franchise Agreements with us, our Franchisor has also entered into master franchise agreements with six other Independent Third Parties, over whom we have no control of, in other parts of the world for the establishment of restaurants carrying the "Ajisen" brand name. If the "Ajisen" trademarks are misused by any of our sub-franchisees or other independent overseas Ajisen restaurants, there may be an adverse impact on our business reputation and brand image.

There could also be situations where a defaulting sub-franchisee is not in a position to compensate us for any direct or indirect losses which we may have suffered as a result of wrongdoings of such sub-franchisee. In addition, there is a risk of lawsuits brought against us by third parties for the wrongdoings of a sub-franchisee or as a result of disagreements between any of our sub-franchisee(s) and us that cannot be resolved amicably through negotiations. We may incur additional litigation costs and expenses to defend such litigation(s), which may have an adverse impact on our Group's business and financial results.

Adverse changes in political relations between the PRC and other countries as well as domestic social conditions in the PRC may affect our business

Our business is subject to the prevailing political and social conditions in the PRC, where most of our Ajisen restaurants are located. Any social unrest may adversely affect our business operations. Our business operations may also be affected by the diplomatic relations between the PRC and another country and subsequent developments in government policies by the PRC Government. For instance, in April 2005, when diplomatic relations between Japan and the PRC were strained, there were demonstrations organised in several cities across China, including Shanghai and Shenzhen, in protest against the Japanese. Many were called to boycott Japanese products. Future displays of negative sentiments in the PRC against the Japanese may adversely affect consumer preferences, cause damage to our properties, or disruptions to our business and our distribution channels, any of which could have a material adverse impact on our overall operations and financial results.

There may be uncertainties associated with the expansion of our business

In order to grow our business, our business strategy calls for us to open new restaurants and expand our presence in our existing markets as well as to new geographical markets. We also intend to explore sub-franchise arrangements and other related investment opportunities in the PRC. Participation in sub-franchise arrangements or investments involve numerous risks. The successful implementation of our expansion strategy may be influenced by various factors such as our ability to identify suitable sub-franchisees or locations on acceptable terms, the obtaining of governmental and other third-party consents, permits and licenses needed to operate those new restaurants, our ability to use our management and financial resources efficiently, and the hiring, training and retention of skilled personnel. There is no assurance that the operational performance of any of our new Ajisen chain restaurants in these new areas will work according to our plans and would satisfy our expectations, or that we would be able to successfully replicate in these new areas the present business strategy and model which we have employed to date. There is also no assurance that our sub-franchise candidates will meet our expectations on a regular basis. In the event that we are unable to find any suitable candidates for our sub-franchise program or any of our chain restaurants perform below our expectations, our overall operational and financial results could be materially affected.

The success and rate of expansion of our packaged noodle distribution network is also dependent on customer satisfaction and our marketing efforts. Demand for our packaged noodle products from consumers and our expansion prospects depend on the growth and penetration rate of our chain restaurants and packaged noodle products in the Hong Kong and PRC markets. In order to grow at a faster pace, we intend to implement a series of marketing initiatives to create public awareness of our "Ajisen" brand and products, while at the same time ensuring customer satisfaction. In the event that any of our marketing initiatives are met with unsatisfactory response, or our service or product standards fall and our customers no longer continue to patronise our Ajisen chain restaurants or buy our packaged noodle products, our business and profits will be adversely affected.

We rely on computer software and hardware systems which may be susceptible to failure

We are dependant on our POS and ERP management systems to monitor the daily operations of our Ajisen chain restaurants and food manufacturing and processing facilities, and to maintain accurate up-to-date financial data for the compilation of management information. Any system failures in these processes causing interruptions to the input, retrieval or transmission of data could disrupt our service time and consequently our business operations.

Any material disputes between our Group and any of our joint venture partners may adversely affect the results of operation of the relevant joint venture company and our Group and if unresolved, could potentially lead to a termination of such joint venture company

If a dispute arises between any of our joint venture partners and us in connection with the performance of a party's obligations or the scope of a party's responsibilities under the relevant joint venture agreement, the parties may not be able to resolve their differences through negotiation or arbitration. Our joint venture partners may (i) have economic or business interests or goals that are inconsistent with ours, (ii) take actions contrary to our instructions or requests or contrary to our policies or objectives, (iii) be unable or unwilling to fulfil their obligations under the relevant joint venture agreements or (iv) have financial difficulties. In the event that a material dispute cannot be resolved, the business and operations of the relevant joint venture company may suffer. Any of the foregoing events could have a material adverse effect on our financial condition and results of operations. Although we currently hold 60% of the equity interest in Fuzhou Weiqian, we do not have management control of this Subsidiary as it has been run by our joint venture partner and the chairman of Fuzhou Weiqian, Chan Chung Yung, independently without consulting us on any matters. We may therefore encounter problems with respect to our joint venture partner which may have an adverse effect on our business operations, profitability and prospects.

We will be controlled by Poon Wai, our Controlling Shareholder, whose interests may differ from those of our other shareholders

Upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised, Poon Wai will have an attributable interest of approximately 53.19% of our Company. Subject to the Articles of Association, Poon Wai will continue to have the ability to exercise a controlling influence over the management, policies and business of our Company through the power to nominate and elect board members, determine the timing and amount of dividend distributions, approve significant corporate transactions such as mergers and acquisitions, and approve annual budgets. Therefore, since Poon Wai is the Controlling Shareholder of our Company, she may cause us to enter into transactions, to take or fail to take other actions, or to make decisions that conflict with the best interests of our other shareholders. Please refer to the section headed "Relationship with Shareholders" in this prospectus for more information.

There may be potential conflict of interests between our Group and Shenzhen Weiqian due to our Controlling Shareholder, Poon Wai's, interest in both businesses

Besides being our Controlling Shareholder, Poon Wai also indirectly owns the entire equity interest of Shenzhen Weiqian. In light of the controlling interests Poon Wai has in both our Company and Shenzhen Weiqian, there may arise potential conflicts of interest. For the benefit of our Group, we have been granted an option under the Management Agreement to purchase Shenzhen Weiqian at any time before the end of March 2008. For more details, please refer to the section headed "Relationship with Shareholders" in the prospectus.

Dividends paid by us to our existing shareholders prior to completion of the Global Offering should not be treated as indications of our future dividend policy

We declared and paid dividends to our shareholders of approximately RMB9.9 million, RMB15.9 million and RMB40.1 million for each of the financial years ended 31st December 2005, representing approximately 53.4%, 34.0% and 71.9% of the profit attributable to shareholders of our Group for the respective periods. We also declared a special dividend of HK$56.0 million in November 2006, which will be paid before the Listing Date. We intend to pay dividends of not less than 25% of our profits attributable to equity holders of the Company beginning from the financial year ending 31st December 2007. Going forward, we will revaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay such dividends will be subject to the discretion of our Directors and will depend upon our earnings, financial conditions, cash requirements and availability and such other factors as our Directors may deem relevant. Our historical dividend payout ratio should not be used as a reference or basis for ascertaining the amount of dividends which may be payable by us in the future.

Our restaurants are susceptible to rental fluctuations and may also be affected by any unexpected land acquisitions, building closures or demolitions

As we operate most of our chain restaurants on leased properties, we have a significant exposure to the retail rental market. For each of the three financial years ended 31st December 2005 and nine months ended 30th September 2006, our restaurant rental expenses amounted to approximately RMB18.9 million, RMB41.7 million, RMB62.9 million and RMB58.9 million respectively, representing approximately 28.6%, 31.4%, 31.7% and 29.3% of our Group's total operating expenses during the respective periods. Since rental expenses represent a relatively significant portion of the total operating expenses of our Group, our profitability may be adversely affected by any substantial increase in the rental expenses of any of our chain restaurant premises. In particular, rapid rental increases resulting from an upturn of the rental market in Hong Kong will in turn increase our rental expenses.

The majority of our tenancy agreements for the PRC properties have a tenure of between six to 10 years, while the tenure of most of our tenancy agreements for the Hong Kong properties are two to three years and may contain an option to extend for another two to three years. Hence, each of the properties experiences lease cycles within which a significant number of tenancy agreements expire each year. Upon expiry of the lease of a restaurant, our landlord will have the right to review and alter the terms and conditions of the lease agreements and we will have to negotiate the terms of renewal with the relevant landlord. There is no assurance that we would be able to renew the relevant lease agreement on terms acceptable to us or to lease premises at prime locations on comparable and favourable terms, particularly in respect of rental charges. In the event that we need to close down a restaurant at the end of a lease, our services may be disrupted and we may incur extra costs to relocate. Our business operations and financial performance may be adversely affected.

In addition, the Hong Kong and PRC governments have the statutory power to acquire any land in Hong Kong and the PRC respectively. In the event of any compulsory acquisition of any of the properties in which our chain restaurants or our food manufacturing and processing facilities are situated for redevelopment, the amount of compensation to be awarded to us may not be based on open market value of such property but may be assessed on the basis prescribed in the relevant legislation. In such event, we will be forced to relocate to other locations, thus affecting our business operations and our financial performance.

The construction of the second storey of two buildings which house the manufacturing plant of the Shanghai Factory has not been approved by the relevant PRC authorities

As a result of the expansion of our business in recent years, we required more production lines to meet our production requirements. In December 2003 and May 2006, we constructed a second storey to the two buildings which house the manufacturing plant of the Shanghai Factory. However, we inadvertently omitted to seek and obtain the approval of the City Planning Department of Shanghai prior to the commencement of construction of these two second-storey structures.

The approval of the City Planning Department must be sought and obtained before the commencement of any construction, alteration, and expansion of any property. Failure to seek such relevant approval will render us liable to fines ranging from 20% to 100% of the construction costs of the unapproved structures, which in our case, was RMB3 million. Hence, we may be subject to fines ranging between RMB600,000 to RMB3 million. The PRC authorities also has the power to issue us with an order to discountinue using the second storeys or demolish them. In the event that we are fined or forced to demolish these structures, our production capabilities and financial performance may be affected. To ensure that these storeys are safe for occupation, we have consulted and engaged a structural engineer who has certified that the structures are suitable for our normal business usage and are structurally safe. Our Controlling Shareholder has given us an undertaking to indemnify us of any fines, expenses, penalties, losses and damages arising from the construction, unauthorised usage and demolition of these two second-storey structures.

We have identified a new 46,667 sqm site at Songjiang Industrial Zone in Shanghai on which to build our new factory and entered into an agreement on 7th July 2006 with the Management Committee of the Songjiang Industrial Estate for the land use rights to relocate the Shanghai Factory there, the relocation cost of which has not been fully paid up by the Group. The period of our land use rights is for 50 years and runs from the date of the agreement. We intend to relocate to this new site within 12 to 18 months after the Listing Date.

Our land use rights of the factory site in the Songjiang Industrial Zone is conditional upon the fulfilment of certain conditions stipulated by the Management Committee of Songjiang Industrial Estate

In order to continue securing our land use rights at the Songjiang Industrial Zone, we have to further inject US$18,800,000 into the Shanghai Factory to increase its registered capital from its present sum of US$1,200,000 to US$20,000,000. The injection of additional capital and the construction of the new factory premises will affect our financial performance.

The usage rights of our leased properties may be encumbered

Hong Kong

The tenancy agreements of our restaurants at Castle Peak Road, Tsuen Wan and Hennessy Road, Wanchai. Our restaurant at Hennessy Road, Wanchai is under monthly lease as the original lease has expired and our landlord has asked us to continue renting the property since we have been renting the property for the past 6 years. We are in the process of negotiating better terms, and our landlord has agreed to renew the lease on a monthly basis (subject to 30 days notice if we wish to terminate) until both parties have agreed to the terms of the new lease agreement. At the same, we are also looking at alternative sites in the same area. We are currently occupying these premises as a monthly tenant/licensee. If the landlord/licensor of any of these premises is unwilling to extend the licence periods, we will have to deliver vacant possession of the premises to the landlord/licensor forthwith and we will incur additional costs in reinstating the premises in such state and condition as required under the terms of the original tenancy agreements.

One of the premises set out in item 17 in Appendix IV to this prospectus for restaurant use is subject to a mortgage in favour of certain financial institutions (the "Mortgagee"). The landlord of this property has not obtained the written consent from the Mortgagee for the leasing of this property to the Group. The landlord of this property may be in breach of the terms of the relevant mortgage without such consent, thereby entitling the Mortgagee to exercise certain rights which include requiring us to vacate this property forthwith. We will vacate from this property if the Mortgagee exercises this right and will incur additional costs in relocating our restaurant to another suitable location, thereby affecting our business operations and financial performance. This restaurant was opened during 2005. For the year ended 31st December 2005 and nine months ended 30th September 2006, the aggregate revenue generated from this property amounted to approximately RMB3.2 million (representing 0.7% of the total turnover of our Group) and approximately RMB10.3 million (representing 2.3% of the total turnover of our Group) respectively, while the aggregate profit generated from these two properties amounted to approximately RMB0.2 million (representing 0.3% of the total profit of our Group) and approximately RMB1.4 million (representing 1.7% of the total profit of our Group) respectively. Our Controlling Shareholder, Poon Wai has undertaken to indemnify us against any fines, expenses, penalties, losses and damages suffered as a result of this event. Please also refer to business section.

Our usage of the premises set out in items 14 and 22 in Appendix IV to this prospectus does not comply with the permitted use in the occupation permit applicable to such premises which is for domestic use. The Hong Kong government, the Building Authority, or the building manager or the owners' committee of such premises can require us to use such premises only in the manner as allowed in the occupation permit. For each of the three financial years ended 31st December 2005 and nine months ended 30th September 2006, the aggregate revenue generated from these two properties amounted to approximately RMB19.0 million (representing 14.2% of the total turnover of our Group), approximately RMB25.1 million (representing 8.4% of the total turnover of our Group), approximately RMB23.4 million (representing 5.4% of the total turnover of our Group) and approximately RMB17.5 million (representing 4.0% of the total turnover of our Group) respectively, while the aggregate profit generated from these two properties amounted approximately RMB2.5 million (representing 13.3% of the total profit of our Group), approximately RMB3.9 million (representing 8.4% of the total profit of our Group), approximately RMB2.9 million (representing 5.2% of the total profit of our Group) and approximately RMB3.0 million (representing 3.5% of the total profit of our Group) respectively. We will vacate the premises should the relevant authority require us to do so and will have to secure other suitable premises and will incur additional costs in reinstating the premises and/or compensating the landlord as a result of early termination of the relevant tenancy agreement, thereby adversely affecting our business operations and financial performance. Our Controlling Shareholder, Poon Wai has undertaken to indemnify us against any fines, expenses, penalties, losses and damages suffered as a result of this event. Please refer also to business section.

PRC

Some of the lease agreements relating to properties occupied by our Ajisen restaurants in the PRC have not been registered. Under PRC laws, all landlords must register and file the executed lease agreements with the relevant land and real estate administration bureau, failing which, the lease agreements may not be binding on other interested third parties such as other tenants who have registered their lease agreements. As at the Latest Practicable Date, we have entered into a total of 85 lease agreements in the PRC. 45 of our lease agreements (representing approximately 52.9% of the total number of lease agreements entered into by us in the PRC) have not been registered with the relevant PRC authorities. Out of these 45 lease agreements, 24 of our landlords (representing approximately 28.2% of the total number of lease agreements entered into by us in the PRC) have not been able to provide us with any documentary evidence of their building ownership rights or their rights/authority to sub-let the premises to us. 8 of these 24 landlords have given us a written undertaking to indemnify us of all losses and legal liabilities arising from this irregularity. For the nine months ended 30th September 2006, the revenue and profit contribution of these 45 properties amounted to approximately RMB124.2 million (representing approximately 28.4% of the total revenue of our Group). We have been advised by our PRC legal counsel that we would be able to seek compensation from the landlords for the loss of use of the leased properties under certain of our lease agreements. Nevertheless, our business operations may be adversely affected if our rights of usage of any of our restaurant premises are affected or if we are not adequately compensated by our landlords for losses suffered by us, which will include but not limited to, costs relating to renovation and relocation.

We cannot assure that no third party will seek to assert their ownership rights against our landlords or challenge our leases in the future. Should such disputes arise, we may face difficulties in continuing to lease these premises on present terms with our existing landlords. In such event, we will be forced to relocate our restaurants to other premises and may incur additional costs due to the relocation and interruption to our business. Furthermore, we may not be able to find suitable alternative premises or may have to rent other premises on terms less favourable than our present ones, thereby adversely affecting our business operations and financial performance.

RISK RELATING TO THE INDUSTRY

Our business may be adversely affected by reductions in discretionary consumer spending as a result of downturns in the economy

Our business may be adversely affected by reductions in discretionary consumer spending as a result of downturns in the economy. We have observed that consumer habits are particularly sensitive to the state of the economy. Factors such as the deterioration of the economy, decrease in disposable consumer income, fear of a recession and changes in consumer confidence, may affect consumer preferences and spending. In the event of an economic downturn, consumers will tend to become more budget conscious and sensitive to the amount they are willing to spend on food. As most of our businesses are concentrated in Hong Kong and the PRC, we are heavily dependent on the Hong Kong and PRC economies. If consumer demand for our food is reduced or if there occurs any significant decline in any of these two economies, and we are unable to divert our business to markets outside these regions, our revenue, profitability and business prospects will be materially affected.

We may be unable to anticipate changes in consumer preferences which may result in decreased demand for certain of our food products

Our continued success in the Hong Kong and PRC F&B industry is dependent to a large extent on our ability to anticipate and develop recipes that appeal to the changing tastes, dietary habits and preferences of our customers. If we are not able to anticipate and identify new consumer trends and develop new recipes accordingly, the demand for some of our food products may decline and our operating results may be adversely affected. In addition, we may incur significant costs relating to the development and marketing of new recipes, or improving or altering our existing recipes in response to what we perceive to be a consumer preference or demand. Such development or marketing efforts may not necessarily result in the level of market acceptance, volume of sales or profitability as anticipated by us.

Our business is affected by intense competition

Competition in the F&B industry is highly intense. We face intense competition from a large and diverse group of restaurant chains and individual restaurant operators (in particular, local and international FCR companies), and food manufacturers who are engaged in the production of similar products as ours. We compete on the basis of taste, quality, price of food offered, customer service, ambience, and the overall dining experience. Our business will be adversely affected if we are unable to compete effectively in the FCR and food manufacturing markets. Some of our competitors have longer operating histories, larger customer bases, better brand or name recognition, and better financial, marketing and public relations resources than us. As we compete with other competitors as well as new market entrants, our business and results of operations may be adversely affected in the event that we are not competitive in terms of our pricing, or there is deterioration in the quality of our food products or our level of service.

As we work towards expanding our Ajisen chain restaurant network, we may also have to compete with other retailers for the acquisition of prime shop spaces or experienced employees. The competition for prime locations may increase the bargaining power of landlords seeking to lease out their properties. Consequently, we may not be able to rent these prime locations on terms which are comparable to our existing shops, or our competitors may offer better terms than us. We may also have to offer experienced management staff higher wages in order to recruit or retain them. Such instances will increase our operating costs, thereby affecting our financial performance.

Our business may be affected by the outbreak of food-related diseases or contagious diseases

The main raw materials for our food products are wheat flour, vegetables and raw meat. Any outbreak of diseases in our food ingredients, which renders our food products unsafe for human consumption or decreases public confidence in our food products may lead to a loss in consumer confidence and reduction in consumption of the particular food product concerned. In particular, as the main ingredient in our white soup is derived from pork ribs, we are especially dependent on pork as a raw material and any pork-related diseases would affect our business operations. In addition, we may also have to look for alternative sources of food supply which may be more costly. Such events may have a material adverse impact on our business.

If there is a resurgence of the outbreak of SARS, Avian Flu ("**Bird Flu**") or any contagious diseases in the communities in which we operate, consumers may be reluctant to consume foods prepared by other parties or to dine out in order to minimise human interaction. As such, our business operations and financial performance may be adversely affected during such outbreak. The time required to recover the normal business during the post-outbreak period may not be immediate as it may take time for consumer confidence to recover.

RISKS RELATING TO THE PRC

Changes in the economic and political environment in the PRC and the policies adopted by the PRC Government to regulate its economy may adversely affect the business, operating results and financial condition of our Group

The economy of the PRC differs from the economies of most countries in many respects, including:

- economic structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market oriented economy. Our ability to successfully expand our business operations in the PRC depends on a number of factors, including macro-economic and other market conditions. For the past two decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. The PRC Government has recently called for effective measures in macro-economic control in order to ensure steady and sustainable national economic growth. There is no assurance that any of the macro-economic control measures would not affect, directly or indirectly, our business operations. The macro-economic control measures may have a transitory adverse impact on the general economic environment in the PRC, which may in turn have an adverse effect on our Group's operating results in the short term. Further, there may be new regulations or policies, or the readjustments of previously implemented regulations requiring our Group to change our business plan, increase our costs or limit our ability to operate. All of these could adversely affect our business and operating results. We cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

We may be affected by the cessation of, or changes in, income tax incentives currently enjoyed by some of our PRC Subsidiaries

The FEIT of companies in the PRC may vary depending on the availability of preferential tax treatments granted to their particular industry or location. The current FEIT rate in the PRC is 33%.

Our Subsidiaries have been provided with the following tax incentives by the PRC tax authorities:

a. Shanghai Lead Food: reduced FEIT rate of 15%. Shanghai Lead Food is currently subject to a preferential FEIT rate of 15% as it is established in the Shanghai Pudong New Area. We have been advised by our PRC legal counsel that this tax incentive is based on the prevailing practice of the Pudong tax authorities, which they have adopted for the last 15 years. Their practice which may be challenged by the PRC central tax authorities as the present PRC FEIT laws and regulations do not provide for this incentive. Our PRC legal counsel further advised that the PRC central tax authorities may revoke or revise such incentive tax rates.

b. Shanghai Factory: commencing 2004, Shanghai Factory enjoys a two-year exemption from FEIT and a 50% reduction of the applicable tax rate for the following three years. This is in accordance with the FEIT laws and regulations.

c. Shenzhen Factory: the Shenzhen Factory currently enjoys a preferential FEIT of 15%. The Shenzhen Factory also enjoys a preferential FEIT of 15% since it is located in an area designated by the PRC Government as a Special Economic Zone. This is in accordance with the FEIT laws and regulations.

There is an indication that the PRC tax authorities will modify the preferential tax treatment currently enjoyed by foreign investment enterprises, including our Group. A new Enterprise Income Tax Law, when enacted, would impose a single uniform FEIT rate of 25% for most domestic enterprises and foreign invested enterprises. This new law which is presently under deliberation by the National People's Congress. This draft is subject to change and may not be eventually enacted by the National People's Congress. If the proposed Enterprise Income Tax Law is enacted, it could adversely affect our financial condition and results of operations. In the event that any such preferential tax treatment is cancelled, changed or our Subsidiaries cease to be entitled to such preferential tax treatment, the resulting increase in our tax liability will affect our financial performance.

There may be a dilution effect to the earning per share associated with the Pre-IPO Share Option Scheme and the Share Option Scheme and impact on future earnings

We have adopted the Pre-IPO Share Option Scheme under which options to subscribe in aggregate for 20,000,000 Shares at 85% of the Offer Price per Share were outstanding as at the Latest Practicable Date, representing approximately 1.961% of the issued share capital of our Company immediately after completion of the Global Offering and the Capitalisation Issue as enlarged by issue of Shares pursuant to the exercise of all options granted under the Pre-IPO Share Option Scheme, but without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme or the general mandate granted to Directors to issue new, or repurchase existing, Shares. Details of the Pre-IPO Share Option Scheme and the options granted thereunder are set out in the paragraph headed "Pre-IPO Share Option Scheme" in Appendix VI to this prospectus. We have also adopted the Share Option Scheme under which options may be granted after the Listing.

Issuance of Shares pursuant to the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme will result in the increase in the number of Shares in issue after such issuance, and thus may result in the dilution to the percentage of ownership of the shareholders, the earnings per Share and net asset value per Share.

Based on our valuer's valuation, the fair value of our Pre-IPO share option as at 8th March 2007 is approximately HK$12.6 million. Our Pre-IPO Share Option Share Scheme will be amortized on a straight line basis over a period of 4 years of vesting period and hence, there will be an impact on our profit & loss accounts for the financial years 2007 to 2011. Approximately HK$2.6 million, HK$3.2 million and HK$0.4 million are expected to impact the financial year ended 31st December 2007, each of the years ended 31st December 2008 to 2010 and the year ended 31st December 2011, respectively

Government control of currency and future movements in exchange rates may adversely affect our ability to remit dividends, financial condition and results of operations

Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and US dollars, has been based on exchange rates set by the PBOC. The PBOC sets the exchange rates daily based on the previous day's interbank foreign exchange market rates in the PRC and the current exchange rates in the financial markets. Since then, the official exchange rate for the conversion of Renminbi to US dollars has generally been stable as it is pegged against the US dollar. On 21st July 2005, China changed its currency policy. China abandoned the peg of Renminbi against US dollars in favour of a managed float of the Renminbi based on market demand and supply with reference to a basket of currencies and their weightings. As a result, the Renminbi appreciated slightly following this change in currency policy. As the exchange rate of Renminbi is allowed to move in a managed way, there can be no assurance that the Renminbi will not further appreciate or that other measures will not be introduced to address the concerns of China's trading partners. There is also no assurance that such exchange rate will continue to remain stable in the future. Since a substantial amount of our income and profit are denominated in Renminbi, any fluctuations in the value of the Renminbi may adversely affect the value of dividends, if any, payable on our Shares in HK dollars.

Since we import some equipment and raw materials from Japan, some of our purchases are denominated in Japanese Yen. We do not have a foreign currency hedging policy in respect of foreign currency debt. Therefore, the price of our imported products may be adversely affected by foreign currency fluctuations.

The PRC legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to our Group

The PRC legal system is based on written statutes and their legal interpretations by the Standing Committee of the National People's Congress. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC Government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties.

We may encounter difficulties in the enforcement of rights

A substantial part of our assets are located within the PRC. Therefore, it may not be possible for investors to enforce against us inside the PRC any judgements obtained from non-PRC courts. The PRC does not have treaties or arrangements providing for the recognition and enforcement of judgements of the courts of Hong Kong, the United Kingdom, the United States or other countries, and therefore recognition and enforcement in the PRC of judgements obtained in such jurisdictions may be impossible. The PRC is a signatory of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") which permits enforcement in the PRC of awards of arbitral bodies located in other New York Convention signatory countries, subject to certain exceptions. Even in cases where enforcement is, in principle, provided for by the New York Convention, practical difficulties are sometimes encountered. There is an arrangement for enforcement of Hong Kong arbitral awards in China on similar terms to the New York Convention, but evidence as to its practical application is sparse.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there was no public market for our Shares. The range of the initial Offer Price for the Offer Shares was determined as a result of negotiations between us and the Global Coordinator, on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for the Shares following the Global Offering. We have applied for the listing of, and permission to deal in, the Shares on the Stock Exchange. However, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop following the Global Offering, or that the market price of our Shares will not decline following the Global Offering.

The price and trading volume of the Shares may be highly volatile. Factors such as variations in our Group's revenue, earnings, cash flow, announcements of new investments, strategic alliances and/or acquisitions, could cause the market price of the Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which the Shares will be traded. We cannot give any assurances that these developments will not occur in the future.

There may be dilution of shareholding as a result of additional equity fund raising

We may need to raise additional funds in the future to finance the expansion of our new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro rata basis to existing shareholders, the percentage of ownership of our shareholders in the Company may be diluted, shareholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to the Shares.

OTHER RISKS

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding our Company and/or the Global Offering

There have been reports in certain news publications about our Company and/or the Global Offering, including the news articles in Ming Pao Daily News and Hong Kong Economic Journal on 7th March 2007, 12th March 2007 and 14th March 2007, and in the Apple Daily, Wen Wei Po, and The Sun on 8th March 2007, which contained certain information about our Company and/or the Global Offering, including projections and other forward-looking information. We wish to emphasize to potential investors that we do not accept any responsibility for the accuracy or completeness of any media articles or reports as such articles or reports were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections or other forward looking information, or of any assumptions underlying such projections or other forward-looking information. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim them. Potential investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus and the Application Forms only and not to place any reliance on any other information.

Statistics contained in this prospectus are derived from official governmental sources and may not be reliable

Facts and statistics relating to the FCR and/or F&B industry in Hong Kong and the PRC have been derived from official publications generally believed to be reliable. While our Directors have taken reasonable care to ensure that the facts and statistics are accurately reproduced from such sources, they have not been independently verified by us and therefore our Directors and all parties involved in the Global Offering make no representation as to the correctness or accuracy of data collection in respect of the official governmental statistics presented in this prospectus. The official governmental statistics referred to in this prospectus may not be accurate or may not be comparable with official governmental statistics produced for other economies, and should not be unduly relied upon. There is no assurance that the official governmental statistics stated in this prospectus are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.