

### HISTORY AND DEVELOPMENT

Our business was founded by Poon Wai with the establishment of Shenzhen Factory on 25th December 1995. We initially established Shenzhen Factory with the aim of manufacturing and distributing our packaged noodle products to consumers in Hong Kong. Realising the potential for our noodle food products in the Hong Kong market, we decided to vertically expand our business operations in Hong Kong, where we then had Cheng Wai Tao, Shigemitsu and Katsuaki Shigemitsu joining our Group as shareholders. In May 1996, we opened our first Ajisen restaurant in Causeway Bay, Hong Kong. Between 1996 and 1998, an additional seven Ajisen restaurants were added to our restaurant portfolio in Hong Kong. In 1998, in order to standardise and centralise food preparation for all our Hong Kong Ajisen chain restaurants, we set up a food processing facility in Hong Kong for the preparation and distribution of semi-cooked and cooked food items to them.

Following the success of our Ajisen chain restaurants in Hong Kong, we decided to venture into the PRC market to tap its large consumer market potential. In March 2001, we also established Shanghai Factory in Minhang District, Shanghai, PRC. Since then, we have continued to extend our market presence in the PRC and have set up Ajisen chain restaurants in a number of major cities:

- In June 2003, we established Shanghai Lead Food to acquire restaurants in Shanghai so as to own, operate and manage the restaurants under our “Ajisen” brand name.
- In August 2003, we entered into a joint-venture to set up Fuzhou Weiqian to own, operate and manage our Ajisen chain restaurants in Fuzhou, PRC.
- In November 2003, we established Hangzhou Weiqian to own, operate and manage our Ajisen chain restaurants in Zhejiang Province, PRC.
- In February 2004, we established Nanjing Weiqian to own, operate and manage our Ajisen chain restaurants in Jiangsu Province, PRC.
- In August 2004, we established Shandong Weiqian to own, operate and manage our Ajisen chain restaurants in Shandong Province, PRC.
- In December 2004, we established Beijing Weiqian to own, operate and manage our Ajisen chain restaurants in Beijing, PRC.
- In July 2005, we established Chongqing Weiqian to own, operate and manage our Ajisen chain restaurants in Chongqing, PRC.

In November 2004, we relocated Shenzhen Factory to the Shenkeng Industrial Zone in Longgang District, Henggang Town, Shenzhen.

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On 8th March 2007, we entered into the Management Agreement with Shenzhen Weiqian for the management of it and all restaurants owned by it. Shenzhen Weiqian currently owns some of the Ajisen chain restaurants located in Guangdong province, Wuhan and Chengdu.

For the three financial years ended 31st December 2005 and the nine months ended 30th September 2006, we have expanded our geographical coverage to the following areas:

### Number of stores

Region	2003	31st December 2004	2005	30th September 2006
<b>Managed and owned by us</b>				
Eastern China <sup>(1)</sup>	1	16	29	43
Northern China <sup>(2)</sup>	0	2	7	12
Southern China <sup>(3)</sup>	0	0	0	1
Central China <sup>(4)</sup>	0	0	3	6
Hong Kong	11	14	15	15
<b>Sub-total</b>	12	32	54	77
<b>Managed but not owned by us</b>				
Eastern China <sup>(1)</sup>	0	0	0	1
Southern China <sup>(3)</sup>	0	0	0	19
Central China <sup>(4)</sup>	0	0	0	4
<b>Sub-total</b>	0	0	0	24
<b>Owned but not managed by us</b>				
Southern China <sup>(3)</sup>	1	1	2	3
<b>Total</b>	<u>13</u>	<u>33</u>	<u>56</u>	<u>104</u>

*Notes:*

- (1) Includes Shanghai, Nanjing, Hangzhou, Suzhou, Wuxi, Changzhou, Changshu, Jiangyin, Ningbo
- (2) Includes Beijing, Qingdao, Yantai, Weifang
- (3) Includes Dongguan
- (4) Includes Chongqing, Changsha, Chengdu

In October 2006, Sirius Investment Inc. and Sirius Capital Holdings Pte Limited joined our Group as strategic investors. Pursuant to the Reorganisation, Favor Choice became the Controlling Shareholder.