
INDUSTRY OVERVIEW

The information presented in this section is derived from the market research report (the “Frost & Sullivan Report”) prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. (“Frost & Sullivan”) which was commissioned by us, unless otherwise indicated. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage in China includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the packaged food and beverage market. The Frost & Sullivan Report was prepared based on detailed primary research involving discussions with leading industry participants and industry expert and secondary research involving the review of company reports, independent research reports and data based on Frost & Sullivan’s own research database. On this basis, our Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading. We believe that the sources of such information are appropriate sources for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, any of our or their respective directors, officers or representatives and no representation is given as to its accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside of China. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the market information disclosed in this section since the date of the Frost & Sullivan Report. We have paid Frost & Sullivan fees of RMB2,080,000 for the preparation of the Frost & Sullivan Report.

OVERVIEW OF THE PRC ECONOMY

Strong economic growth

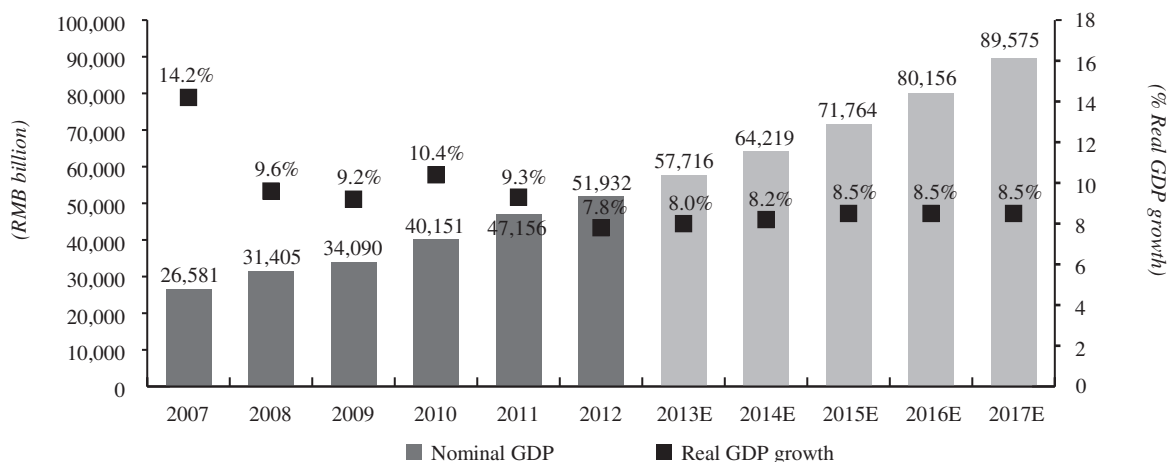
The PRC is the second largest economy in the world and one of the fastest growing in terms of GDP. The economy of the PRC has grown rapidly since economic reforms and opening up policies were introduced in the early 1980s. Over the past thirty years, booming exports, investment and domestic consumption have driven the PRC’s rapid GDP growth, with nominal GDP having grown at a CAGR of 14.3% between 2007 and 2012.

The PRC Government has shown its willingness to support growth in the domestic economy. To mitigate the slowdown of economic growth caused by the financial crisis in 2008, the government released a series of economic stimulus policies, including the Four-Trillion-Yuan Economic Stimulus Package, the Revitalization Plans of Ten Key Industries, as well as the implementation of a loose monetary policy. These incentive policies induced positive effects on the economy in terms of boosting domestic demand and restoring investors’ confidence.

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According to the International Monetary Fund, the PRC’s nominal GDP is expected to continue its robust growth at a CAGR of 11.5% from 2012 to 2017E. The chart below sets forth the PRC’s nominal and real GDP growth from 2007 to 2017E.

PRC Nominal GDP (2007 — 2017E)

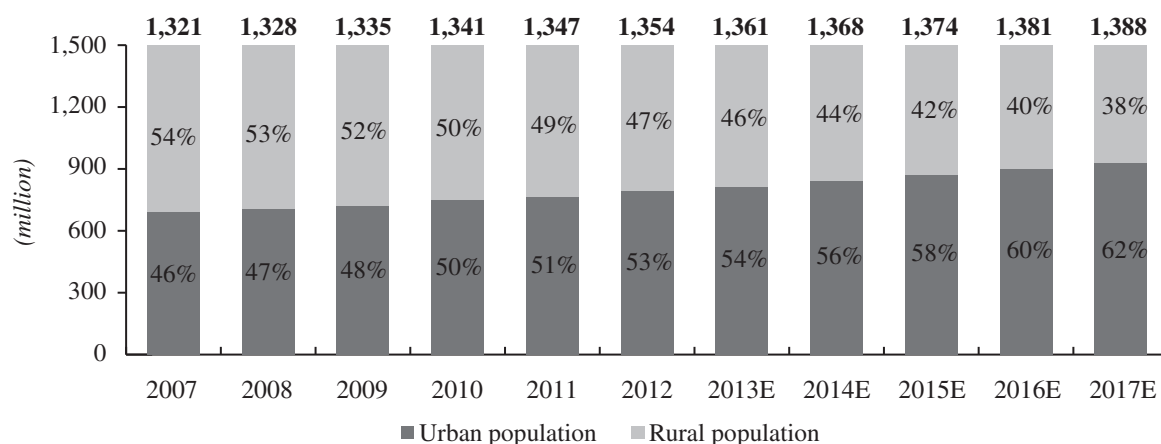


Source: National Bureau of Statistics of China, International Monetary Fund

Increasing urbanisation

Due to the PRC’s rapid economic development and the influx of migrants from rural areas to developed areas, the PRC’s urban population has been steadily increasing. From 2007 to 2012, the urbanization rate increased from 45.9% to 52.6%. With the continuous development of the PRC’s urban facilities, the urbanization rate is expected to reach 61.8% by 2017E. The chart below sets forth the PRC’s urban and rural population split and urbanization rate from 2007 to 2017E.

PRC Population and Urbanization (2007 — 2017E)



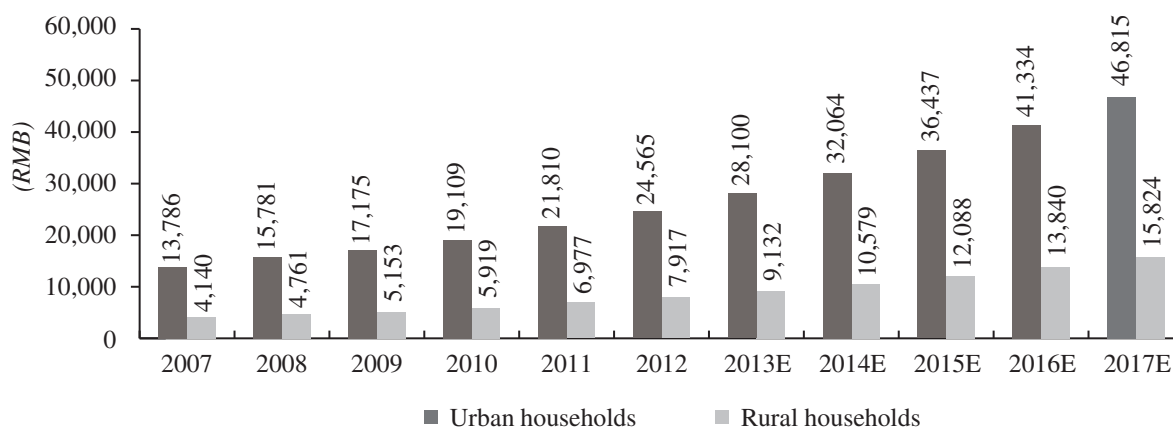
Source: National Bureau of Statistics of China, Frost & Sullivan

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Increasing spending power

Together with rapid economic growth and urbanization, the average income of Chinese households has also continuously increased in recent years. From 2007 to 2012, the per capita annual disposable income of urban households has nearly doubled from RMB13,786 to RMB24,565, respectively, representing a CAGR of 12.2%. Similarly, the per capita annual net income of rural households has risen from RMB4,140 in 2007 to RMB7,917 in 2012, at a CAGR of 13.8%. Such increases in per capita disposable income have had a strong positive effect on the population’s purchasing power. By 2017E, the per capita annual disposable income of urban households and per capita annual net income of rural households is expected to grow to RMB46,815 and RMB15,824, respectively, representing CAGRs of 13.8% and 14.9% from 2012 to 2017E, respectively. The chart below sets forth the per capita annual disposable income of urban and net income rural households in the PRC from 2007 to 2017E.

**PRC Per capita annual disposable income of urban and net income of rural households
(2007 — 2017E)**



Source: National Bureau of Statistics of China, Frost & Sullivan

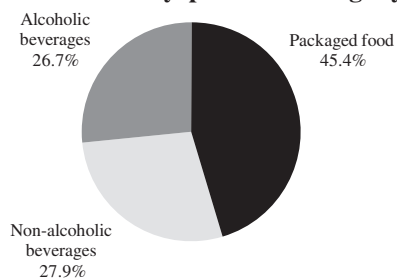
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OVERVIEW OF THE PRC PACKAGED FOOD AND BEVERAGE INDUSTRY

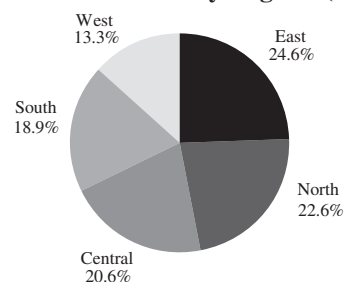
Packaged food generally refers to food products that are pre-packaged before they are sold to consumers. Beverages include both non-alcoholic beverages such as bottled water, fruit juice and ready-to-drink tea, as well as alcoholic beverages such as spirits, wine and beer. Packaged food and beverages represented 54.4% of the overall PRC food and beverage expenditure by retail value in 2012.

In terms of retail value in 2012, packaged food represented the biggest segment in the total packaged food and beverage market, with a 45.4% share, followed by non-alcoholic beverages with a 27.9% share and alcoholic beverages with a 26.7% share. The market share of each segment has been relatively stable from 2010 to 2012. In terms of regional breakdown in 2012, East China, as the most populous as well as the most economically developed region in China, represented the biggest market with a 24.6% share, followed by North China with a 22.6% share and Central China with a 20.6% share. The following chart sets forth the total retail value breakdown by product category and regions of the PRC packaged food and beverage market in 2012.

Total retail value by product category (2012)



Total retail value by region (2012)



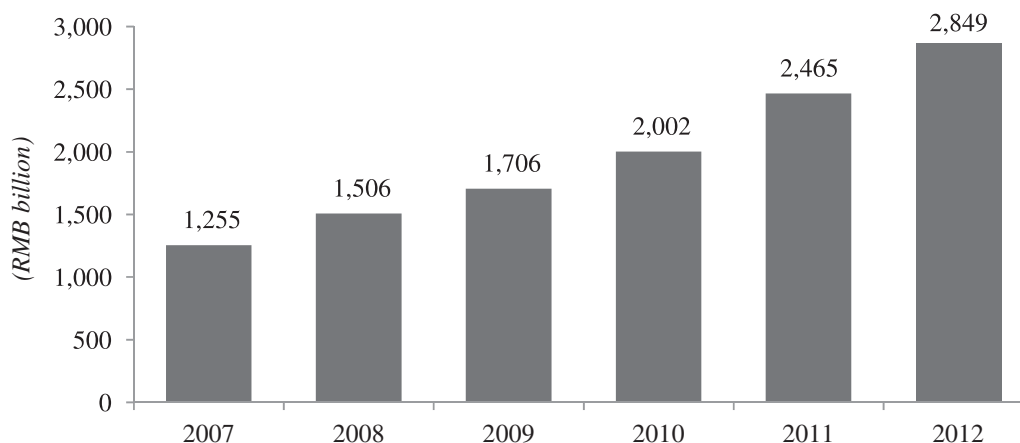
Notes: East: Shanghai, Jiangsu, Zhejiang, Shandong and Anhui
Central: Hubei, Hunan, Henan, Jiangxi, Chongqing and Shaanxi
North: Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin and Heilongjiang
West: Sichuan, Guizhou, Yunnan, Tibet, Gansu, Xinjiang, Qinghai and Ningxia
South: Guangdong, Guangxi, Hainan and Fujian

Source: Frost & Sullivan

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Total retail value of the PRC packaged food and beverage market has increased rapidly in recent years at a CAGR of 17.8% from 2007 to 2012. The following chart sets forth the total retail value of packaged food and beverage products in the PRC from 2007 to 2012.

Retail value of the PRC packaged food and beverage market (2007 — 2012)



Source: Frost & Sullivan

According to Frost & Sullivan, the PRC packaged food and beverage market is highly fragmented, with most product manufacturers focusing only on a few key products. As a result, the overall market share of the majority of players is generally very low.

Through sales of Own Brand Products, Tenwow had less than 1% market share in the overall PRC packaged food and beverage market in 2012, according to Frost & Sullivan. However, this does not mean that the market was dominated by other market participants. Tenwow has its own niche segments where it holds leading market positions, such as pistachio nuts, almonds, dried pork slices, and fruit-flavored ready-to-drink tea.

According to Frost & Sullivan, the following dynamics have contributed to the rapid development of the PRC packaged food and beverage market:

Increasing urban population and rising purchasing power

With the rapid growth of the PRC’s economy, per capita disposable income of the Chinese population has continued to rise and is expected to keep rising going forward, providing consumers greater purchasing power for packaged food and beverage products. Further, busier and better lifestyles as a result of urbanization encourage consumers to seek more convenient and diversified forms of packaged food and beverage consumption.

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Increasing health and food safety awareness

With increasing consumer sophistication, health consciousness and food safety awareness, demand for branded packaged food and beverage products with strict quality control and high quality standards has experienced strong growth. Demand for packaged food and beverage products with healthy concepts and nutritional value is also expected to increase.

Consumption upgrade

With rising standards of living, Chinese consumers have been gradually switching to lifestyle-enhancing packaged food and beverage products with higher quality and more benefits. Their purchase decisions have become increasingly driven less by price, and more by brand awareness, product quality and even packaging design and style.

Changing consumer tastes and demands

Consumer tastes are also becoming more diverse and differentiated. This trend creates opportunities for market players with broad product portfolios to meet the needs and preferences of different customer groups. Changing consumer demands are a key driver of packaged food and beverages manufacturers’ product innovation, which further drives market growth.

Development of distribution channels

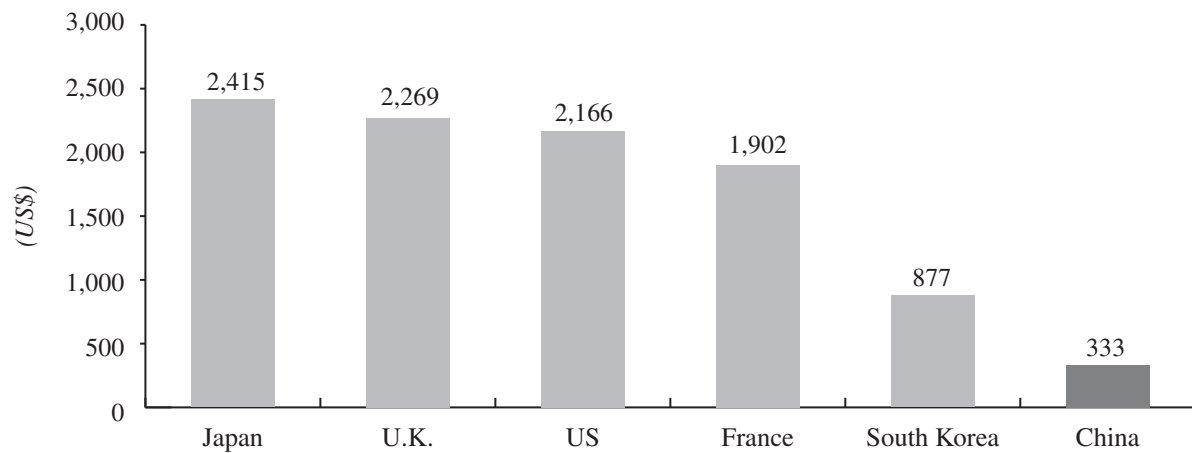
The development and expansion of distribution channels have made a greater range of packaged food and beverage products accessible to consumers across the country, especially in lower tier cities and rural areas. The ability to access an extensive nationwide distribution channel has been critical for manufacturers’ success in reaching consumers.

Room for further expansion in the PRC’s F&B industry

Despite the rapid development in recent years, the PRC packaged food and beverage industry is still extremely underpenetrated compared to more developed markets. The following chart sets forth the per capita expenditure on packaged food and beverage products in Japan, United Kingdom, U.S., France, South Korea and China per annum, demonstrating the significant upside potential in the PRC packaged food and beverage market.

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Per capita expenditure on packaged food and beverage by region (2012)

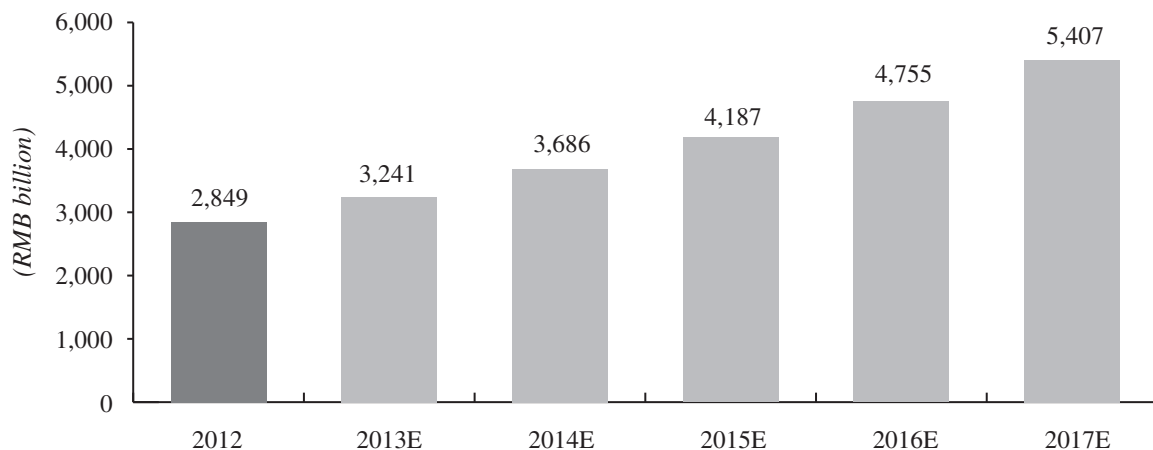


Source: Frost & Sullivan

KEY SUCCESS FACTORS IN THE PRC PACKAGED FOOD AND BEVERAGE INDUSTRY

Driven by increased penetration, robust growth in the PRC packaged food and beverage industry is expected to continue, with total retail value of packaged food and beverage products in the PRC expected to grow at a CAGR of 13.7% from 2012 to 2017E.

Retail value of the PRC packaged food and beverage market (2012 — 2017E)



Source: Frost & Sullivan

According to Frost & Sullivan, key factors for market participants to capture future growth opportunities in the PRC packaged food and beverage industry include the following. Please refer to the section “Business — Our Competitive Strengths” for further details of our strengths in these key factors.

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Market leadership and brand image

Packaged food and beverage products from a reputable brand are more easily recognised and are preferred by consumers. A well-known brand is usually perceived as having reliable and high quality products. Accordingly, an increasing number of companies are likely to make greater efforts to build their brand image to attain greater market share, including marketing campaigns such as celebrity endorsement, TV advertising, online marketing and print advertising.

Healthy concepts and quality control assurance

Chinese consumers are becoming increasingly concerned about healthy lifestyles. In addition, several food safety scandals in recent years have alerted consumers to the importance of food quality. As such, consumers are more likely to choose healthy products with nutritional concepts from reputable brands with high quality control processes.

Product innovation and new product development

Given the product homogeneity of the packaged food and beverage market in China, more companies are expected to strengthen their R&D capability to enhance product innovation, update their existing portfolio and develop new product lines. Manufacturers who are able to launch new and differentiated products to suit varied and diversified consumer requirements will be best positioned to capture new growth opportunities.

Penetration of lower tier cities and rural areas

With purchasing power in lower tier cities and rural areas increasing rapidly, demand within these regions is expected to move from basic needs to lifestyle-enhancing products. With many of these markets still currently underpenetrated and with comparatively less competition, they are expected to be key future growth markets for quality packaged food and beverage products.

Access to modern retail distribution channels

Along with changing lifestyles, consumers are more likely to purchase packaged food and beverage products in modern retail channels, such as convenience stores, in addition to traditional channels such as supermarkets. Accordingly, the ability to access a strong distribution network with a broad range of convenient end-sales points will allow manufacturers to reach a wider range of customers and better address new consumer preferences.

Vertical integration

Vertical integration of the manufacturing and distribution businesses among packaged food and beverage players is likely to grant significant competitive advantages. Through vertical integration, a company may be able to capture additional revenue and cost synergies along the value chain, gain access to self-controlled sales channels and employ more effective marketing activities. In addition, vertical integration allows manufacturers to have direct communication with retailers, which results in a better understanding of the market.

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DISTRIBUTION IN THE PRC PACKAGED FOOD AND BEVERAGE INDUSTRY

Among the various sales models in the PRC packaged food and beverage market, manufacturers typically sell their products through distributors. According to Frost & Sullivan, over 80% of packaged food and beverage products are sold through distributors to the market.

Given the scale of the PRC market, both domestic and overseas manufacturers rely heavily on distributors to cover as many customers as possible, and it would be nearly impossible to reach customers in remote areas without distributors. Large scale distributors generally have a strong nationwide sales network and have strong relationships with big retailers, and access to these distribution channels allows manufacturers to save on sales and marketing expenses. According to Frost & Sullivan, distributors with scale and leading market positions are expected to maintain their important role in the PRC packaged food and beverage market and continue to enjoy strong growth going forward, including through business cooperation opportunities with well-known international brands.

According to Frost & Sullivan, Nanpu and Tenwow were the largest and fifth largest packaged food and beverage distributors in the PRC by sales in 2012, respectively. The following table sets forth the top 5 packaged food and beverage distributors in the PRC by sales in 2012.

Top 5 packaged food and beverage distributors in the PRC by sales (2012)

Rank	Company name	(RMB bn)
1	Nanpu	5.18
2	Guangzhou Huaxin	4.00
3	Beijing Sugar Tobacco & Wine	3.86
4	Beijing CP Commercial & Trading	3.30
5	Tenwow	2.99

Source: Frost & Sullivan

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THE PRC PACKAGED FOOD SEGMENT

Packaged foods comprise of a large number of product categories, including preserved fruits, roasted seeds and nuts, meat snacks, oat cereal and other products, which Chinese consumers eat on a regular basis, particular around festive seasons such as the Spring Festival, when many also purchase gift boxes of these products as gifts for friends and relatives. With the rising demand for quality branded products, more consumers are willing to pay a premium for packaged food from well-known manufacturers with a strong quality assurance and food safety track record. The following table sets forth the market size and growth rates for the PRC preserved fruits, roasted seeds and nuts, meat snacks and oat cereal markets.

	Market size by retail value			CAGR	
	2007	2012	2017E	2007-2012	2012-2017E
	(in RMB billion)				
Packaged food	570.3	1,293.1	2,496.6	17.8%	14.1%
Preserved fruit	4.8	10.1	20.2	16.0%	14.9%
Roasted seeds and nuts	12.1	20.7	34.0	11.4%	10.4%
<i>Pistachio nuts</i>	1.0	1.9	3.3	15.0%	11.0%
<i>Almonds</i>	0.5	0.9	1.6	12.1%	11.1%
Meat snacks	4.7	8.9	15.7	13.9%	11.9%
<i>Dried pork slice</i>	0.7	1.4	2.4	14.3%	11.6%
Oat Cereal	1.4	3.5	8.5	21.3%	19.2%
<i>Oak flake</i>	0.5	1.3	3.1	23.8%	18.8%

Source: Frost & Sullivan

Pistachio nuts and almonds are popular types of roasted nuts and are generally considered by Chinese consumers to be relatively high-end nuts with high nutritional value. Similarly, meat snacks, including dried pork slices, are also popular snacks in China and have enjoyed strong growth in recent years.

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According to Frost & Sullivan, Tenwow was the largest manufacturer of pistachio nuts and almonds and the third largest manufacturer of dried pork slices in the PRC by retail value in 2012. The following table sets forth the competitive landscape for the PRC pistachio nuts, almonds and dried pork slices markets.

Rank	Pistachio nuts		Almonds		Dried pork slice	
	Company name	Market share (by retail value) 2012	Company name	Market share (by retail value) 2012	Company name	Market share (by retail value) 2012
1	Tenwow	10.1%	Tenwow	12.4%	Shuangyu	13.4%
2	Nanxing	3.6%	Hengkang	6.3%	Sanyang	7.6%
3	Orchard Farmer	2.7%	Orchard Farmer	4.6%	Tenwow	3.4%
4	Yaoshengji	2.5%	Yaoshengji	3.7%	Huangshengji	3.3%
5	Aming	2.3%	Aming	3.6%	Chushi	3.2%

Source: Frost & Sullivan

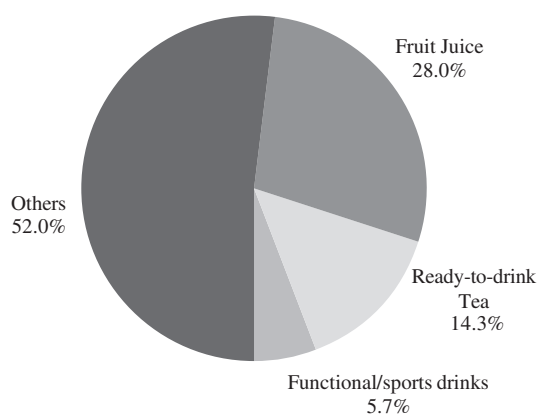
THE PRC NON-CARBONATED NON-ALCOHOLIC BEVERAGES SEGMENT

Non-carbonated non-alcoholic beverages include fruit and vegetable juice, ready-to-drink tea, functional and sports drinks, bottled water, solid drinks, flavored milk and vegetable protein beverages and others. Generally speaking, non-carbonated non-alcoholic beverages are regarded as healthier compared with carbonated beverages. With rising awareness of health and wellness, non-carbonated beverages are becoming more popular among consumers. From 2007 to 2012, the PRC non-carbonated non-alcoholic beverages market grew at a CAGR of 19.8% to RMB635.3 billion in 2012, and is expected to continue to grow at a CAGR of 15.3% from 2012 to 2017E.

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Ready-to-drink tea, fruit juice and functional/sports drinks are the three key categories within the total non-carbonated non-alcoholic beverages market, representing 14.3%, 28.0% and 5.7% of total retail value in 2012, respectively. The following chart sets forth the retail value breakdown by product category of the PRC non-carbonated non-alcoholic beverages market in 2012.

Total retail value by product category (2012)



Source: Frost & Sullivan

The PRC Ready-to-Drink Tea Market

Ready-to-drink tea is a relatively new beverage category and has gained wide acceptance among Chinese consumers since its launch in the China market due to its convenience of consumption, varied flavors and nutritional value. Main products in this category include black tea, green tea, scented tea, oolong tea and herbal tea.

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Fruit flavored ready-to-drink tea is a type of ready-to-drink tea made from tea extracts, fruit juice concentrates and other additives. This relatively new type of ready-to-drink tea is perceived as a healthy and natural drink. The unique taste of fruit flavored ready-to-drink tea, a mix of tea and fruit juice flavors, is quite popular among younger Chinese consumers. Since the product’s emergence around 10 years ago, the market has grown rapidly as more manufacturers launched fruit flavored ready-to-drink tea products to satisfy increasing consumer demand. The following table sets forth the market size and growth rates for the PRC non-carbonated non-alcoholic beverages, ready-to-drink tea and fruit flavored ready-to-drink tea markets.

	Market size by retail value			CAGR	
	2007	2012	2017E	2007-2012	2012-2017E
	(in RMB billion)				
Non-carbonated non-alcoholic beverages	257.0	635.3	1,295.3	19.8%	15.3%
Ready-to-drink tea . . .	36.4	90.9	201.0	20.1%	17.2%
<i>Fruit flavored ready-to-drink tea</i>	<i>0.7</i>	<i>3.0</i>	<i>7.2</i>	<i>32.9%</i>	<i>19.7%</i>

Source: Frost & Sullivan

According to Frost & Sullivan, Tenwow was the third largest manufacturer of fruit flavored ready-to-drink tea in the PRC by retail value in 2012, with the fastest growth rate among leading players. The following table sets forth the competitive landscape for the relatively concentrated PRC fruit flavored ready-to-drink tea market.

Rank	Fruit flavored ready-to-drink tea		
	Company name	Market share (by retail value) 2012	CAGR 2010-2012
1	Wahaha	55.6%	21.8%
2	Dali Group	13.4%	20.4%
3	Tenwow	12.8%	93.1%
4	Kirin	11.5%	37.6%
5	Enesis Group	1.9%	N/A

Source: Frost & Sullivan

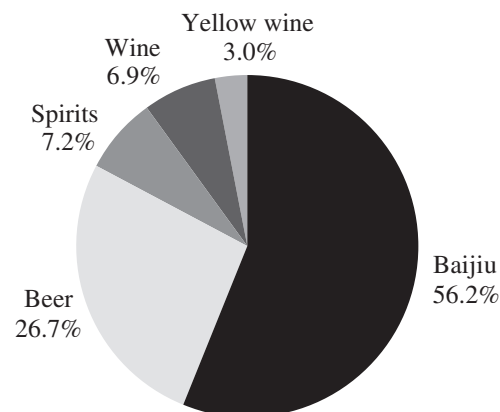
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THE PRC ALCOHOLIC BEVERAGES SEGMENT

With the development of the macro economy in the PRC, the market for alcoholic beverages has increased significantly in recent years, driven both by volume from increasing social activities, as well as from average selling price due to strong product demand. In March 2013, the PRC government imposed restrictions on extravagant consumption by governmental officials, which is likely to have negative impacts on the consumption of premium Chinese white liquor (or “baijiu”). From 2007 to 2012, the PRC alcoholic beverages market grew at a CAGR of 18.5% to RMB759.7 billion in 2012 and is expected to continue to grow at a CAGR of 12.1% from 2012 to 2017E.

Baijiu, beer, wine, spirits and yellow wine are the major product categories in the PRC alcoholic beverages segment. The following chart sets forth the retail value breakdown by product category of the PRC alcoholic beverages segment in 2012.

Total retail value by product category (2012)



Source: Frost & Sullivan

The following table sets forth the market size and growth rates for the PRC alcoholic beverages market as a whole and spirits, wine, yellow wine and beer markets.

	Market size by retail value			CAGR	
	2007	2012	2017E	2007-2012	2012-2017E
	(in RMB billion)				
Alcoholic beverages	325.4	759.7	1,346.3	18.5%	12.1%
Spirits	28.6	54.7	106.5	13.8%	14.3%
Wine	20.0	52.3	91.4	21.2%	11.8%
Yellow wine	11.9	22.7	41.0	13.8%	12.6%
Beer	153.9	203.2	273.2	5.7%	6.1%

Source: Frost & Sullivan

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The PRC Spirits Market

With the influx of western culture, spirits are becoming more popular among Chinese consumers. Currently, there are no domestic spirits manufacturers of scale in the PRC, which means nearly all spirits, including brandy, whiskey, vodka, gin, rum and related products, are imported from overseas and sold to the market via distributors.

Leading spirits distributors in the PRC generally dominate regional markets such as East China, South China and North China, given that international manufacturers generally prefer to use only a few primary distributors for ease of management in any particular region. This dynamic grant large scale distributors advantages negotiating with manufacturers and in dealing with retail channels.

According to Frost & Sullivan, Nanpu and Tenwow were the largest and second largest spirits distributors in the PRC in 2012, respectively. The following table sets forth the top five spirits distributors in the PRC by sales in 2012.

Top 5 spirits distributors in the PRC by sales (2012)

Rank	Company name	(RMB bn)
1	Nanpu	2.29
2	Tenwow	1.54
3	Xiamen Wang Zi Zhou	1.50
4	Shenzhen Qiaodong	1.44
5	Shanghai Deqiang	0.90

Source: Frost & Sullivan

The PRC Wine Market

Wine consumption in the PRC has grown rapidly in recent years due to many factors including:

- rising consumer purchasing power and pursuit of higher living standards;
- emergence of the young generation and influx of western culture;
- marketing and brand building efforts of wine manufacturers and distributors; and
- rising health awareness, with wine generally considered a healthier option compared to baijiu or beer.

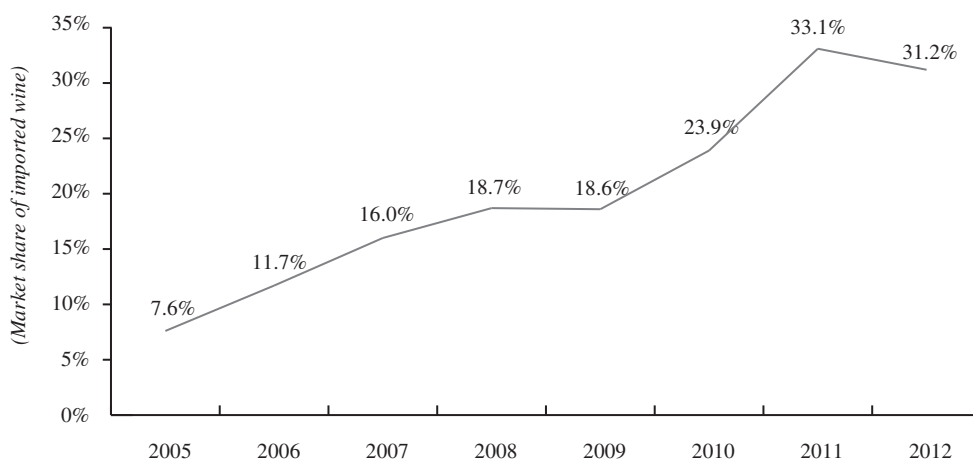
From 2007 to 2012, the PRC wine market grew at a CAGR of 21.2% to RMB52.3 billion in 2012 and is expected to continue to grow at a CAGR of 11.8% from 2012 to 2017E.

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With Chinese consumers’ pursuit of higher living standards, demand for imported wine in the PRC has increased significantly, as it is considered to be more authentic and of higher quality than domestically produced products. Marketing efforts of brand owners as well as wine distributors have also promoted the brand awareness and image of imported wine. In addition, the reduction of import tariffs and the appreciation of the Chinese RMB have also had positive impacts on the demand for imported wine by reducing effective costs. Share of imported wine in the PRC’s total wine market by retail revenue grew from 7.6% in 2005 to 33.1% in 2011. However, it decreased slightly to 31.2% in 2012 due principally to the reduction of wine production in Europe as a result of bad weather and sluggish economy.

The following chart sets forth the development of share of imported wine in the PRC’s total wine market by retail value from 2005 to 2012.

Imported wine share in total wine market by retail value in the PRC (2005 — 2012)



Source: Frost & Sullivan

RAW MATERIALS

Most raw materials for PRC food and beverage manufacturers are agricultural products such as seeds, nuts, fresh fruit, tea and livestock animals as well as commodities such as sugar and PET. According to Frost & Sullivan, given the abundance of agricultural products suppliers in the domestic market, raw materials for food and beverage manufacturers are generally available. Further, the Chinese government pays great attention to the improvement of agricultural technology to increase the quantity as well as the quality of agricultural products.

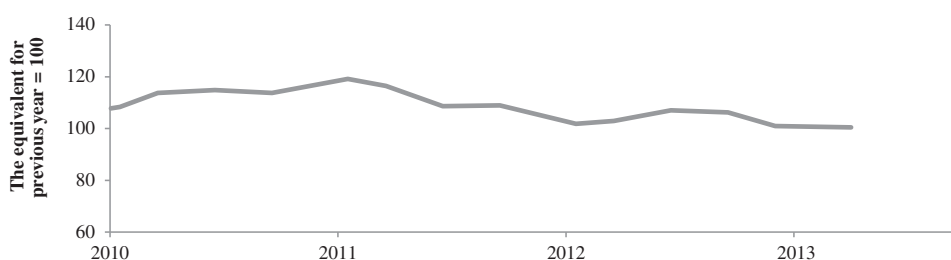
According to the Frost & Sullivan, raw material costs for food and beverage manufacturers in general have been on a declining trend, which has resulted in better profitability for many industry players.

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Farm crops

According to the National Bureau of Statistics of China, the price of farm crops in the PRC has remained relatively stable and has been on a declining trend since early 2011. The producers’ price index (which reflects fluctuations in the price at which producers directly sell their products) for farm crops as at December 31, 2010, 2011 and 2012 and March 31, 2013 was 119.2, 101.9, 103.7 and 102.2, respectively. The chart below sets forth the PRC producers’ price index for farm crops for the three years ended December 31, 2010, 2011 and 2012, and the three months ended March 31, 2013.

PRC Producers’ price index for farm crops

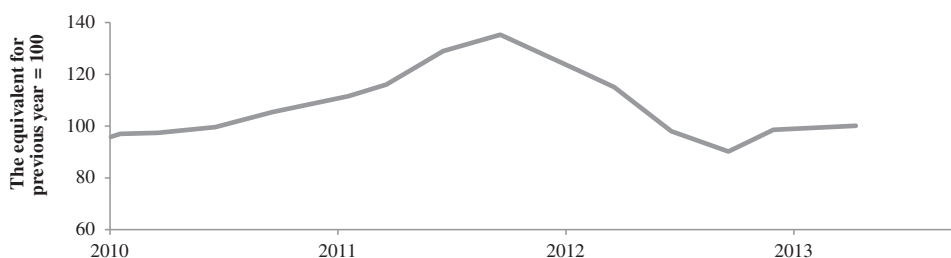


Source: National Bureau of Statistics of China

Livestock products

According to the National Bureau of Statistics of China the producers’ price index for livestock products as at December 31, 2010, 2011 and 2012, and March 31, 2013 was 111.6, 121.9, 96.3 and 101.5, respectively. The chart below sets forth the PRC producers’ price index for livestock products for the three years ended December 31, 2010, 2011 and 2012, and the three months ended March 31, 2013.

PRC Producers’ price index for livestock products



Source: National Bureau of Statistics of China

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Sugar

According to the Zhengzhou Commodity Exchange, the wholesale price of sugar in China reached a peak of approximately RMB7,900 per metric ton in August 2011 and has since been on a declining trend, dropping to approximately RMB5,300 per metric ton by May 2013 before stabilizing. The chart below sets forth the development of the PRC wholesale sugar settlement price since 2010.

PRC wholesale sugar settlement price

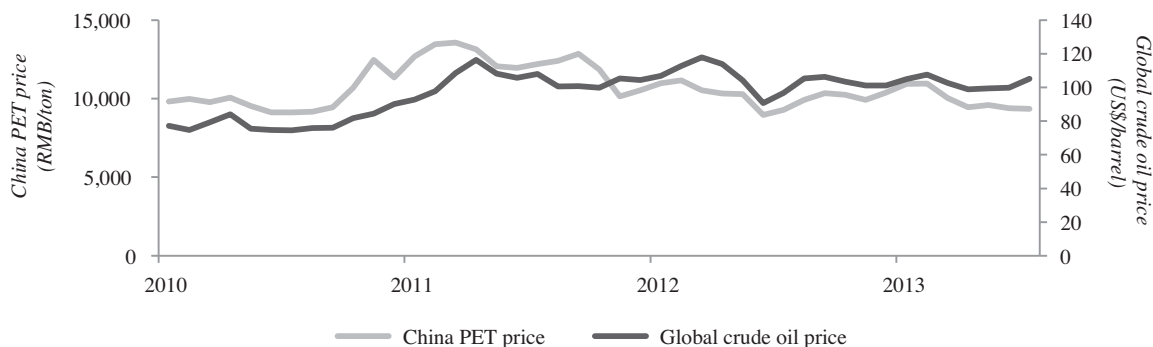


Source: CEIC, Zhengzhou Commodity Exchange

PET

PET is a type of plastic material and commonly used as packaging materials in the food and beverage industry. As PET is a downstream by-product of crude oil, PET prices are relatively correlated with crude oil prices. Since peaking in early 2011, PET price has moderated and remained relatively stable over the past several years. The chart below sets forth the China PET and global crude oil price indexes since 2010.

Monthly average price of China PET and Global crude oil



Source: International Monetary Fund, Frost & Sullivan