

2007 年報  
ANNUAL REPORT

# 中國旺旺

控股有限公司

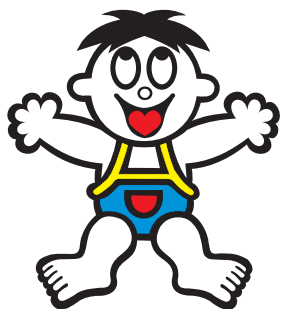
WANT WANT CHINA

Holdings Limited

(於開曼群島註冊成立的有限公司)  
(Incorporated in the Cayman Islands with limited liability)



股份代號：0151  
Stock Code: 0151



# 旺旺

Want Want China Holdings Limited  
中國旺旺控股有限公司

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*The English text of this annual report shall prevail over the Chinese text in case of any inconsistency.*  
本年報中英文如有歧義，概以英文本為準。

# Corporate Information

## 公司資料

### LEGAL NAME OF THE COMPANY

Want Want China Holdings Limited

### STOCK CODE

0151

### WEBSITE

www.want-want.com

### DATE OF LISTING ON MAIN BOARD

March 26, 2008

### DIRECTORS

#### Executive Directors

Mr. Tsai Eng-Meng (*Chairman*)

Mr. Liao Ching-Tsun

Mr. Chu Chi-Wen

Mr. Tsai Shao-Chung

#### Non-executive Directors

Mr. Maki Haruo

Mr. Tomita Mamoru

Mr. Lin Feng-I

Mr. Cheng Wen-Hsien

#### Independent non-executive Directors

Mr. Toh David Ka Hock

Mr. Pei Kerwei

Mr. Chien Wen-Guey

Mr. Lee Kwang-Chou

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Ms. Lai Hong Yee

### 公司法定名稱：

中國旺旺控股有限公司

### 股份代號：

0151

### 網址：

www.want-want.com

### 於主板上市日期：

2008年3月26日

### 董事

#### 執行董事

蔡衍明先生 (主席)

廖清圳先生

朱紀文先生

蔡紹中先生

#### 非執行董事

楨春夫先生

富田守先生

林鳳儀先生

鄭文憲先生

#### 獨立非執行董事

卓家福先生

貝克偉先生

簡文桂先生

李光舟先生

### 公司秘書及合資格會計師

黎康儀女士



## AUDIT COMMITTEE

Mr. Toh David Ka Hock (*Chairman*)  
Mr. Pei Kerwei  
Mr. Chien Wen-Guey  
Mr. Lee Kwang-Chou

## REMUNERATION COMMITTEE

Mr. Toh David Ka Hock (*Chairman*)  
Mr. Pei Kerwei  
Mr. Chien Wen-Guey  
Mr. Lee Kwang-Chou  
Mr. Chu Chi-Wen  
Mr. Tsai Shao-Chung

## NOMINATION COMMITTEE

Mr. Pei Kerwei (*Chairman*)  
Mr. Toh David Ka Hock  
Mr. Lee Kwang-Chou  
Mr. Lin Feng-I  
Mr. Tsai Shao-Chung

## AUDITOR

PricewaterhouseCoopers

## LEGAL ADVISOR

Freshfields Bruckhaus Deringer

## COMPLIANCE ADVISOR

KGI Capital Asia Limited

## 審核委員會

卓家福先生 (*主席*)  
貝克偉先生  
簡文桂先生  
李光舟先生

## 薪酬委員會

卓家福先生 (*主席*)  
貝克偉先生  
簡文桂先生  
李光舟先生  
朱紀文先生  
蔡紹中先生

## 提名委員會

貝克偉先生 (*主席*)  
卓家福先生  
李光舟先生  
林鳳儀先生  
蔡紹中先生

## 核數師

羅兵咸永道會計師事務所

## 法律顧問

富而德律師事務所

## 合規顧問

凱基金融亞洲有限公司



# Corporate Information

## 公司資料

### PRINCIPAL BANKERS

#### Mainland China

ABN AMRO Bank (China) Co., Ltd.  
BNP Paribas (China) Limited  
China Merchants Bank Co. Limited  
DBS Bank (China) Limited  
First Sino Bank

#### Hong Kong

Rabobank International

#### Taiwan

Chinatrust Commercial Bank Ltd. Offshore Banking Branch  
The Hongkong and Shanghai Banking Corporation Limited

### AUTHORIZED REPRESENTATIVES

Mr. Chu Chi-Wen  
Ms. Lai Hong Yee

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
Grand Cayman  
KY1-1107  
Cayman Islands

### REGISTERED OFFICE

M&C Corporate Services Limited  
P.O. Box 309GT, Uglund House,  
South Church Street,  
George Town, Grand Cayman,  
Cayman Islands

### 主要往來銀行

#### 中國大陸

荷蘭銀行(中國)有限公司  
法國巴黎銀行(中國)有限公司  
招商銀行股份有限公司  
星展銀行(中國)有限公司  
華一銀行

#### 香港

荷蘭合作銀行

#### 台灣

中國信託商業銀行股份有限公司境外分行  
香港上海滙豐銀行有限公司

### 法定代表

朱紀文先生  
黎康儀女士

### 主要股份過戶登記處

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
Grand Cayman  
KY1-1107  
Cayman Islands

### 註冊辦事處

M&C Corporate Services Limited  
P.O. Box 309GT, Uglund House,  
South Church Street,  
George Town, Grand Cayman,  
Cayman Islands

## **PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS**

#1088 Hong Song Dong Road  
Shanghai  
PRC

## **PLACE OF BUSINESS IN HONG KONG**

Unit 918, Miramar Tower  
No. 132 Nathan Road  
Kowloon  
Hong Kong

## **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## **主要營業地點及總部地址**

中國  
上海  
紅松東路1088號

## **香港營業地點**

香港  
九龍  
彌敦道132號  
美麗華大廈918室

## **香港股份過戶登記分處**

香港中央證券登記有限公司  
香港  
灣仔  
皇后大道東183號  
合和中心17樓  
1712-1716室



# Corporate Profile

## 公司簡介

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### HISTORY AND DEVELOPMENT

We began our operations with the establishment of I Lan Foods Industrial Co., Ltd in Taiwan in May 1962 which manufactured canned agricultural products mainly for export.

In 1983, we collaborated with one of the leading Japanese rice cracker producers, Iwatsuka Confectionery Co., Ltd ("ICCL"), by signing a technical cooperation agreement to jointly develop rice cracker market in Taiwan. From 1983, we have been producing and marketing our products under our "Want Want" brand, which symbolizes prosperity and good fortune. In 1987, we became the first Taiwanese operator to apply for trademark registration in Mainland China.

Faced with limited resources and market in Taiwan, we seized the opportunities made available with the opening of the China economy and ventured into Mainland China in 1992. We established our first subsidiary in Mainland China in Hunan province, which commenced production in 1994, and subsequently established numerous subsidiaries in Mainland China. We also have subsidiaries in Taiwan, Hong Kong, Singapore and Japan. In the following years, we successfully evolved from a pure rice cracker company

### 歷史沿革

旺旺集團始於1962年5月在台灣成立之宜蘭食品工業股份有限公司，該公司當時從事製造罐頭農產品並以出口外銷業務為主。

1983年，我們與日本領先米果製造商之一的岩塚制果株式會社（「岩塚制果」）合作，簽署一項技術合作協議，攜手開拓台灣米果市場。自1983年起，我們開始以象徵著經濟騰飛和國運昌隆的「旺旺」品牌生產及營銷產品。1987年，我們成為台商在中國大陸申請商標註冊的首例。

面對台灣有限的資源和市場，我們及時掌握中國大陸開放市場所帶來的商機，並於1992年進軍中國大陸。我們在湖南省設立了中國大陸第一家附屬公司，該附屬公司於1994年投產。此後在中國大陸成立眾多附屬公司。我們在台灣、香港、新加坡及日本亦設立了多家附屬公司。

## HISTORY AND DEVELOPMENT (continued)

to a diversified food and beverage company with the introduction of various new products, such as beverages and candies.

In order to raise our corporate profile and expand our sources of funds to capitalize on resources and investment opportunities, our subsidiary, Want Want Holdings Ltd (“WWHL”), was listed in May 1996 on the Main Board of Singapore Exchange Securities Trading Limited, (“SGX-ST”). Over the years, we continued to grow our sales and profits through expansion in our production facilities and product offerings in Mainland China. “Want Want” has grown to become a household name in the Chinese market.

WWHL subsequently also diversified into the hospital, hotel and property businesses and other investments. Given the diverse nature of the businesses operated by WWHL at the time, we went through a privatization exercise to streamline our businesses. Mr. Tsai Eng Meng, the chairman of our Group, acquired the shares of WWHL from the public shareholders through his private company, and WWHL was subsequently delisted from SGX-ST in September 2007. Following the delisting of WWHL, our Group undertook a reorganization with the incorporation of Want Want China Holdings Limited (the “Company”) as the new holding company of our core operations related to the food and beverage businesses (the “Core Operations”).

The discontinued non-core operations related to hospital, hotel, and property business and other investments (the “Discontinued Non-Core Operations”) were divested and transferred to San Want Holdings Limited, (“San Want”), as at December 31, 2007, and the interests of which were distributed to the then shareholders of WWHL by way of dividend in specie.

Our Company was listed on The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) on March 26, 2008 (the “Listing”).

## PRINCIPAL ACTIVITIES

The principal activities of Our Group are the manufacturing, distribution and sale of rice crackers, dairy products and beverages, snack foods and other products.

## KEY MARKETS

Most of our operations are in Mainland China, which is one of the fastest growing economies in the world, with the remainder in Taiwan, Hong Kong, Singapore and Japan.

We have an extensive nationwide sales and distribution network throughout Mainland China. We also export our products to other markets, including Thailand, Korea, the United States and Canada.

## 歷史沿革 (續)

此後數年，我們成功的從一家單一米菓公司發展為多元化的食品及飲料公司，推出了許多不同的新產品，如糖菓及飲料。

為了提升公司形象、擴大資金來源以善用資源及把握投資契機，我們的附屬公司旺旺控股有限公司（「旺旺控股」）於1996年5月在新加坡證券交易所（「新交所」）主板上市。多年來，我們透過在中國大陸擴充生產設施以及推出不同產品，使得銷售及盈利均持續增長。「旺旺」已經成為中國大陸市場家喻戶曉的品牌。

其後，旺旺控股更將業務多元化至醫院、酒店及地產業務以及其他投資項目。因當時旺旺控股之業務性質多元化，我們進行了私有化以精簡業務。集團主席蔡衍明先生透過其私人公司從旺旺控股之公眾股東購入股份，旺旺控股隨後亦於2007年9月在新交所除牌。集團除牌後進行重組，並成立中國旺旺控股有限公司（「本公司」），成為其所有食品及飲料業務（「核心營運」）的新控股公司。

我們的醫院、酒店及地產業務以及其他投資項目的已終止非核心營運（「已終止非核心營運」）已於2007年12月31日轉移至 San Want Holdings Limited（「神旺」），再透過向當時旺旺控股股東派發實物股息的方式而剝離。

於2008年3月26日，我們的公司正式在香港交易所有限公司（「香港聯交所」）上市（「上市」）。

## 主要業務

集團之主要業務為米菓、乳品及飲料，休閒食品及其他產品之製造及銷售。

## 主要市場

我們的業務大部份位於中國大陸這個全球增長速度最快之一的經濟體，其餘則位於台灣、香港、新加坡和日本。

我們在中國大陸的全國性銷售及分銷網絡龐大，我們也出口產品至其他市場例如泰國、韓國、美國及加拿大。





# Spirit of Want Want

## 旺旺精神

### MANAGEMENT PHILOSOPHY:



#### People-Oriented

Healthy working relationships form the bedrock of any successful organisation. As signified by Hot-Kid's round head, we believe excellent employer-employee cohesion fosters long-lasting harmony and progress. Equally important is a strong management cadre. Hot-Kid's crown of spiky hair symbolises our eagerness to embrace new talents. We deeply value relationships and talents.



#### Self Confidence

Confidence comes with good preparation. Hot-Kid's smiling countenance reflects our belief in preparedness and the confidence that glows with it.



#### Unity

Hot-Kid's open arms reflect our team spirit. His left arm denotes our unity. We believe with the right strategies and concerted effort, victory is already half won. Even with less-than-expected performances, our collective efforts will ensure minimal deviations.

### MANAGEMENT GOALS:



#### Rice Dragon of the World

Hot-Kid stands like the Chinese character "Rice". The Dragon is an oriental representation of the King. We constantly strive to be the foremost rice consumer in the world – rice being one of our food products. We work steadily towards our vision of being the undisputed leader in the global food market.



#### United with People of Common Aspirations

Hot-Kid's right arm denotes a helping hand. Corporate advancement is the product of the intricate interplay among management talent, skills, capital funds and markets. As we strive to achieve our corporate vision of becoming the Rice Dragon of the World, our doors are always open to people of common aspirations and those who share our ideals.



#### High Margins, Great Success

Hot-Kid's upward-looking eyes point to where our management sights are set – the skies. We aim high and achieve far. Only through prudent management and judicious foresight, our enterprise will progress with sustainable profits. Preparedness also prevents unwanted unexpectancies. With good yields, our shareholders and employees will share the fruits of our success.



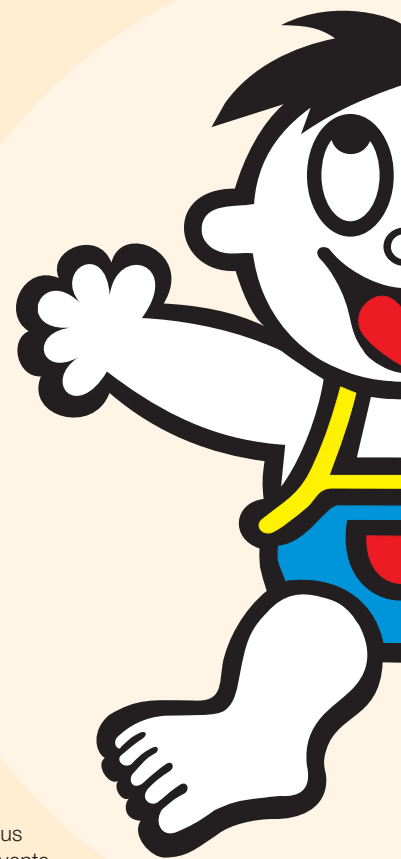
#### Successful Business Ventures

Hot-Kid's roll-up sleeves and pants imply embracing our future with hardwork. To realise our goal of becoming the Rice Dragon of the World, we will undertake new ventures periodically. Every employee should travel the extra mile and ensure tasks are successfully accomplished.



#### Prosperity for the Group and the Individual

Hot-Kid's bare feet symbolise our unwavering pragmatism. To garner customer support and recognition, a company needs to conduct its business honestly and earnestly. To win our customers' and associates' support, every employee should be conscientious and down-to-earth when dealing with them. Consequently, a company will prosper and likewise its employees.



## 經營理念：

### 緣 頭圓渥髮

旺仔之圓頭和渥髮代表惜緣及延攬賢士。公司非常惜緣惜才，公司就像一個大家庭，大家有緣在一起就應該盡各自職責，珍惜這個大家庭，亦即你心中有我，我心中有你，這才是真正惜緣。

### 自信 笑口由己

旺仔笑口常開代表充滿自信。你的自信來自你周全的準備，當你充滿自信時，一定可以充滿笑容。自信是我們做事的第一基礎。

### 大團結 左手擁抱

旺仔的雙手展開做擁抱狀，左手表示大團結。如果策略是對的，會因團結而創造無限美好的前景；即使策略是失敗的，也會因團結而使損失降到最低。在一個大家庭裡，大家務必心連心，手連手，團結在一起。

## 經營指標：

### 世界米龍 立志雄心

旺仔站立猶如「米」字。龍是帝王之稱，也就是我們要有雄心朝世界米龍的目標而努力。除了用米量稱世界之冠，廣義的說，米是食品的一種，亦即我們要朝著世界食品王國而奮鬥。

### 結合志同道合 右手提掣

旺仔右手擁抱表示提掣，亦即相互幫忙提掣之意。企業發展的動力，不外乎是人才、技術、資金、市場、我們以朝著世界米龍的目標前進，尚有賴更多理念一致，志同道合的賢士，不論是技術的提供，亦或是共同經營，結合在一起。

### 高利潤高成果 高瞻遠矚

旺仔的眼睛往上看代表企業經營要看得遠，經營得法。利潤是企業延續的生命。經營得法，掌握該有的利潤在手中，必須靠大家敏銳的眼光，能夠洞察先機，防範未然，避免事後的彌補。公司一定可得到高的利潤，員工也定能分享其成果。

### 開創空前新事業 奮袂而起

旺仔挽起的袖手及褲子，表示呼應空前新事業，並勤奮努力。我們立志雄心成為世界米龍，年年都將會有新的事業體，為了開創新事業，大家要在自己的工作崗位上努力勤奮地完成公司交付給大家的任務。

### 公司旺旺大家旺旺 腳踏實地

旺仔四平八穩沒有穿鞋的大腳，表示腳踏實地。企業要得到社會大眾的支持與肯定，只有腳踏實地，實實在在做事。相同的道理，每一個人都能腳踏實地做事、做人，也會受到大家的尊重與支持。如此，公司必然旺旺，大家也必然旺旺。



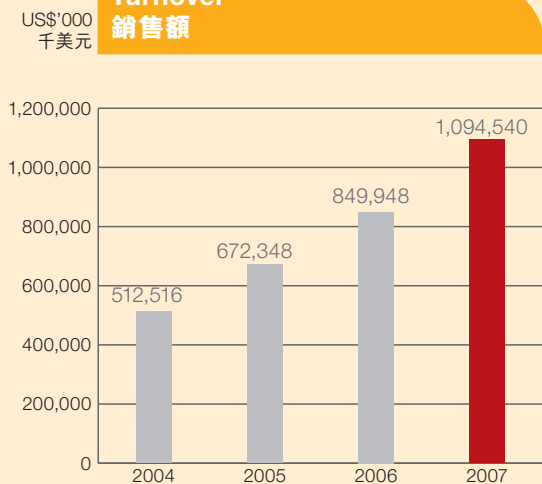
# Financial Highlights

## 財務摘要

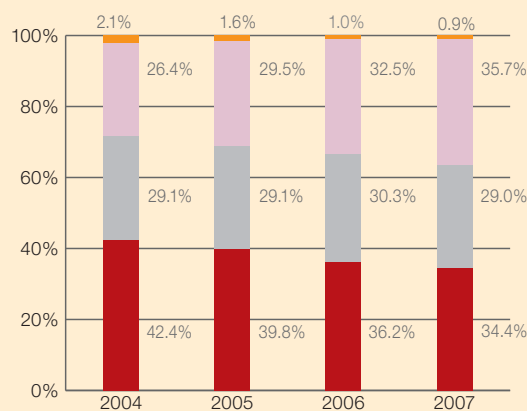
### CORE OPERATIONS

#### 核心營運

**Turnover**  
銷售額

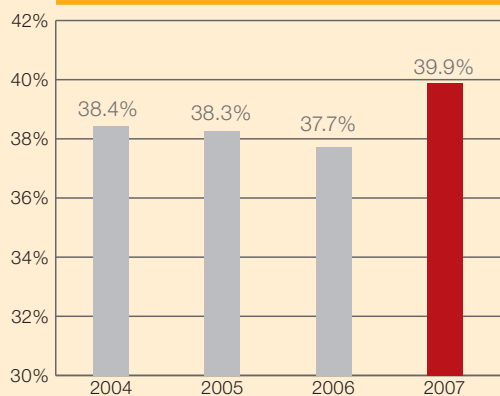


**Sales Mix – Business Segments**  
銷售佔比 – 按產品類別

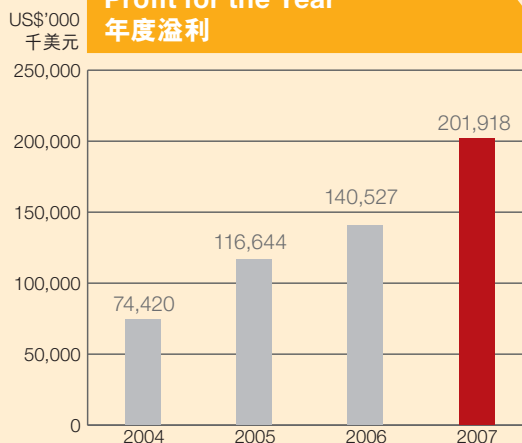


■ Rice crackers  
米果類  
■ Dairy products and beverages  
乳品及飲料類  
■ Snack foods  
休閒食品類  
■ Others  
其他類

**Gross margin**  
毛利率



**Profit for the Year**  
年度溢利



# Financial Summary

## 財務概要

### CONSOLIDATED INCOME STATEMENTS

#### 綜合收益表

	Year ended December 31,			
	截至12月31日止年度			
	2004	2005	2006	2007
	US\$'000	US\$'000	US\$'000	US\$'000
	千美元	千美元	千美元	千美元
<b>Combined results</b>				
<b>綜合業績</b>				
Sales from Core Operations	512,516	672,348	849,948	<b>1,094,540</b>
核心營運銷售額				
Profit before income tax	83,953	129,541	156,819	<b>225,671</b>
除所得稅前溢利				
Income tax expense	(9,533)	(12,897)	(16,292)	<b>(23,753)</b>
所得稅開支				
Profit for the year from Core Operations	74,420	116,644	140,527	<b>201,918</b>
核心營運年度溢利				
Loss for the year from				
Discontinued Non-core Operations	(2,569)	(6,894)	(16,879)	<b>(25,790)</b>
已終止非核心營運年度虧損				
Profit for the year	71,851	109,750	123,648	<b>176,128</b>
年度溢利				
Attributable to:				
以下各方應佔：				
Equity holders of the Company	72,625	110,774	126,826	<b>176,748</b>
本公司權益持有人				
Minority interests	(774)	(1,024)	(3,178)	<b>(620)</b>
少數股東權益				

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# Financial Summary

## 財務概要

### CONSOLIDATED BALANCE SHEETS

#### 綜合資產負債表

	As at December 31,			
	於12月31日			
	2004	2005	2006	2007
	US\$'000	US\$'000	US\$'000	US\$'000
	千美元	千美元	千美元	千美元
<b>Assets</b>				
<b>資產</b>				
12 Non-current assets	363,917	536,304	632,320	<b>497,346</b>
非流動資產				
Current assets	361,718	450,569	577,966	<b>638,064</b>
流動資產				
Total assets	725,635	986,873	1,210,286	<b>1,135,410</b>
資產總值				
<b>Equity and liabilities</b>				
<b>權益及負債</b>				
Total equity	554,542	635,392	758,666	<b>695,519</b>
權益總額				
<b>Liabilities</b>				
<b>負債</b>				
Non-current liabilities	55,000	154,004	64,129	<b>168,000</b>
非流動負債				
Current liabilities	116,093	197,477	387,491	<b>271,891</b>
流動負債				
Total liabilities	171,093	351,481	451,620	<b>439,891</b>
負債總額				
Total equity and liabilities	725,635	986,873	1,210,286	<b>1,135,410</b>
權益及負債總額				

Total equity decreased as at December 31, 2007 due to the divestment of Discontinued Non-core Operations as at the balance sheet date.

於2007年12月31日的權益總額減少是因為已終止非核心營運於結算日已剝離。

# Chairman's Statement

## 主席報告

### DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of the Company, I am pleased to present to you the first annual report of the Company and its subsidiaries (collectively, "Want Want Group" or the "Group") for the year ended December 31, 2007 (the "Annual Report").

### INTRODUCTION

2007 marked several key milestones for Want Want Group, namely (a) the privatization and voluntary delisting of, WWHL from the Main Board of the SGX-ST, on September 11, 2007, (b) the reorganization and divestment of its interests in the Discontinued Non-core Operations and (c) the Listing of the Company on the HK Stock Exchange. As a result of the reorganization and divestment of the Discontinued Non-core Operations, the Group is now a pure food and beverage company engaging in businesses comprising the manufacturing, distribution and sales of rice crackers, dairy products and beverages, snack foods and other products.

The Company was successfully listed on the HK Stock Exchange on March 26, 2008. The Listing laid down a new milestone and provided us a new impetus to further accelerate our business development.

### 尊敬的股東們，

我很榮幸謹此代表本公司董事會，向您提呈本公司及其附屬公司(統稱「旺旺集團」或「本集團」)截至2007年12月31日止年度的第一次常年報告(「常年報告」)。

### 介紹

2007年記載著旺旺集團幾個重要的里程碑，即(a)旺旺控股的私有化以及於2007年9月11日從新交所主板下市，(b)一系列重組和已終止非核心營運項目的剝離，及(c)本公司在香港聯交所上市。在完成了重組與已終止非核心營運項目的剝離之後，本集團已成為一個專注於食品飲料(即米果、乳品及飲料、休閒食品及其他產品)的生產、分銷和銷售的企業。

本公司在2008年3月26日於香港聯交所成功地上市，這一新的里程碑將加速推動本公司業務的發展。



# Chairman's Statement

## 主席報告

### RESULTS AND OPERATION REVIEW

The Group has achieved another year of remarkable results in 2007.

Turnover of the Core Operations increased 28.8% in year 2007 over 2006. This was made up mainly by three key product segments comprising rice crackers (34.4%), dairy products and beverages (35.7%) and snack foods (29.0%).

Profit from Core Operations attributable to equity holders of the Company leapt 42.5% to US\$201.2 million (2006: US\$141.2 million), exceeding the profit forecast as disclosed in the prospectus of the Company dated March 11, 2008 (the "Prospectus"). In particular, the Group's net profit margin of Core Operations improved from 16.6% in 2006 to 18.4% in 2007 despite rising costs in Mainland China. This was achieved through our efficient cost management via vertical integration, higher contributions from our higher margin core-brand rice crackers and good market response to our higher margin new snacks items such as milk chewy and "O-bubble" yoghurt drinks.

The achievements we made in 2007 were mainly driven by our improved distribution network in Mainland China, which was made possible based on our multi-brand strategy and the expansion of our production facilities in Mainland China. As at December 31, 2007, we had 308 sales offices, over 15,000 wholesalers, 31 production bases and 90 factories throughout Mainland China. Our distribution was further strengthened with the implementation of a new distribution system in September 2006 which enabled our sales representatives to obtain orders directly from those small and medium sized retailers not covered by our traditional wholesale distribution network. Such extensive distribution network thus enabled us to distribute efficiently our products throughout Mainland China to consumers with different purchasing powers.

### 業績及營運成果回顧

本集團在2007年又一次取得了卓越的成績。

2007年核心營運的營業額相較2006年成長28.8%。這主要是由三大產品別組成的：米果佔34.4%，乳品及飲料佔35.7%，和休閒食品佔29.0%。

本公司權益持有人應佔核心營運利潤躍升了42.5%達到2.012億美元(2006年為1.412億美元)，高於列於2008年3月11日出版的招股書(「招股書」)內的本集團盈利預測。值得一提的是，本集團的核心營運淨利率在中國大陸國內成本普遍上升的情況下由2006年的16.6%提升到2007年的18.4%。這主要是我們透過垂直整合對成本的有效管理，高毛利主品牌米果的業績貢獻度提升，和市場對我們所推出如牛奶糖和O泡果奶等高毛利新產品的良好接受情況所取得。

2007年的傲人成果主要是由建立在以多品牌策略和中國大陸生產基地擴充的基礎上所進行的銷售網絡強化所推動的。截至2007年底，本集團已在中國大陸各地設立308家營業所，擁有超過1萬5千家經銷商，31個生產基地和90間工廠。除此之外，本集團也在2006年9月採取了由銷售人員直接面對中小型零售終端接取訂單的銷售模式以加強我們的銷售網絡。這些零售終端並不被傳統的批發通路覆蓋。透過這樣一個龐大銷售網絡，本集團在中國大陸所有地區均能夠有效率地分銷我們的產品給不同購買力的消費群。



## PROSPECTS

The gross domestic products of Mainland China continued to rise in 2007, recording a growth of 11.4% over the previous year and is the largest growth over the last thirteen years. The total retail sales of consumer products increased at a rapid rate of 16.8% over the previous year. The Chinese consumers are expected to enjoy higher affluence as China, one of the world's fastest growing economies, continues to develop. These developments will have a positive impact on our Group as we target to be the premium market leader in every consumer segments for all our products via our multi-brand strategy.

In view of the escalating costs in Mainland China, we will continue to manage our costs through vertical integration, such as the setting up of additional milk powder facilities, the development of higher margin products and the implementation of other cost control measures.

We are confident to capture the immense opportunities in Mainland China and continue to achieve better performance through our strong brand recognition, high production capacity, extensive distribution network with deep penetration and effective cost management.

## 展望

2007年中國國內生產總值持續上升，較去年成長11.4%，是過去13年來最大的增幅。與上年相比其社會消費品零售總額也以16.8%的較快速度增長。作為世界成長最快的經濟體之一，中國大陸的消費者預期將更加富裕，這樣的市場發展對本集團而言是積極正面的，因為我們的目標是透過多品牌策略在不同的消費層次當中成為該市場的領導者。

面對中國大陸逐步上升的成本，本集團將持續通過如設立上游奶粉廠的垂直整合，高毛利產品的開發，及其他相關措施來進一步對我們的成本進行管理。

藉由本公司品牌的強大知名度，充足的生產能力，以及產品深入滲透的龐大分銷網絡和有效的成本控制，本集團有信心能夠把握中國大陸的強大商機並取得更好的表現。





# Chairman's Statement

## 主席報告

### DIVIDEND POLICY

In view of the Group's excellent results in 2007 and after taking into account of our earnings, financial positions, cash requirements and liquidity, the Board will recommend at the forth-coming annual general meeting to be held on June 3, 2008 (the "Annual General Meeting") to increase the final dividend payout from 30%, as stated in the Prospectus to 60%, amounting to US0.91 cents per share, in appreciation of the support by our shareholders in such difficult capital market conditions.

### 股利政策

鑒於本集團2007年傑出的成績，並考慮到我們的盈餘，財務狀況，資金需求及充裕程度，董事會將在即將來臨的股東週年大會上於2008年6月3日舉行（「股東週年大會」），提出建議，從招股書所記載的年末現金股利率30%，提高至60%，即每股0.91美仙，以感謝股東們在如此艱難的資本市場環境下給與本公司的大力支持。

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### APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my thanks to our shareholders, business partners, customers and suppliers for their support. I would also like to express my sincere gratitude to our outstanding management team and to all the employees for their dedication and hard work. Want Want Group's strong performance in 2007 would not have been possible without them. Faced with the challenges and opportunities in 2008, we aim to maximize value for our shareholders with the highest level of competitiveness and determination.

### 致謝

我謹代表董事會，借此機會向我們的股東，商業夥伴，客戶，和供應商，為他們的支持深表感謝，我也同時要在此對本集團優秀的管理團隊和本集團所有員工所作貢獻及努力付出表達最誠摯的謝意，旺旺集團於2007年的傑出表現是大家共同奮鬥的結果。2008年面對充滿挑戰與機遇的市場環境，我們將一如既往地保持最強的競爭力與決心，為我們的股東創造最大的價值。

**Tsai Eng-Meng**  
Chairman

Hong Kong, April 16, 2008

**蔡衍明**  
主席

香港，2008年4月16日




# Rice Dragon of the World

## 世界米龍

The map below shows the locations of our sales offices and production facilities:  
 以下地圖顯示我們營業所及生產設施位置：



 Production facilities  
 生產設施

 Sales offices  
 營業所

**As at December 31, 2007:**

- Mainland China: over 15,000 wholesalers, 308 sales offices, 31 production bases and 90 factories

**於2007年12月31日：**

- 中國大陸：15,000多名經銷商，308間營業所，31個生產基地和90間工廠





# Management Discussion and Analysis

## 管理層討論及分析

### BASIS OF PRESENTATION

The financial information contained in this Annual Report presents the combined financial positions, results and cashflows of our Company and its subsidiaries engaging in the Core Operations, as well as its then subsidiaries engaging in the Discontinued Non-core Operations.

Pursuant to a reorganisation which commenced in September 2007 and ended in December 2007, we have completed the divestment of our interests in our then subsidiaries engaged in the Discontinued Non-core Operations. Starting from January 1, 2008, the results of operations of the Discontinued Non-core Operations will not be reflected in the consolidated financial statements.

For this reason, the management discussion and analysis of the financial information will focus on our Core Operations.

### 呈報基礎

2007年年報上的財務信息反映了本公司及其核心營運附屬公司和已終止非核心營運附屬公司的合併財務狀況、經營成果和現金流量。

經過2007年9月至12月的重組，本集團已經完成已終止非核心營運附屬公司股權的剝離。從2008年1月1日開始，已終止非核心營運的營運成果將不會反映在我們的綜合財務報表中。

基於這個原因，我們關於財務信息的管理層討論及分析，將集中在核心營運上。



# Management Discussion and Analysis

## 管理層討論及分析

### FINANCIAL HIGHLIGHTS OF CORE OPERATIONS

#### 核心營運財務摘要

	Year ended December 31, 截至12月31日止年度		Year-on-Year change (%) 同期比(%)
	2007	2006	
<b>Key income statement items</b>			
主要收益表項目			
<i>(Expressed in US\$'000 unless otherwise stated)</i>			
<i>(除非特別說明，否則以千美元表示)</i>			
Sales	<b>1,094,540</b>	849,948	28.8%
銷售額			
Gross profit	<b>436,466</b>	320,599	36.1%
毛利			
Operating profit	<b>227,634</b>	160,242	42.1%
經營溢利			
EBITDA <sup>1</sup>	<b>279,065</b>	200,156	39.4%
未計利息、稅項、折舊及攤銷前盈利 <sup>1</sup>			
Profit attributable to equity holders of the Company	<b>201,188</b>	141,192	42.5%
本公司權益持有人應佔溢利			
Basic earnings per share (expressed in US cents per share)	<b>1.57</b>	1.10	42.7%
每股基本盈利(以每股美仙列示)			

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## FINANCIAL HIGHLIGHTS OF CORE OPERATIONS (continued)

### 核心營運財務摘要 (續)

	Year ended December 31, 截至12月31日止年度	
	2007	2006
<b>Key financial ratios</b>		
<b>主要財務比率</b>		
Gross profit margin (%) 毛利率(%)	<b>39.9%</b>	37.7%
Operating profit margin (%) 經營溢利率(%)	<b>20.8%</b>	18.9%
Margin of profit attributable to equity holders (%) 權益持有人應佔溢利率(%)	<b>18.4%</b>	16.6%
Effective tax rate (%) 實際稅率(%)	<b>10.5%</b>	10.4%
Return on equity (%) 權益回報率(%)	<b>31.3%</b>	26.0%
Gearing ratio <sup>2</sup> 權益負債率 <sup>2</sup>	<b>26.5%</b>	33.5%
Net gearing ratio <sup>3</sup> 淨權益負債率 <sup>3</sup>	<b>Net cash</b>	5.2%
Inventory turnover days <sup>4</sup> 存貨周轉天數 <sup>4</sup>	<b>104</b>	108
Trade receivables turnover days <sup>5</sup> 應收貿易賬款周轉天數 <sup>5</sup>	<b>20</b>	22
Trade payables turnover days <sup>4</sup> 應付貿易賬款周轉天數 <sup>4</sup>	<b>47</b>	56

<sup>1</sup> EBITDA refers to earnings before interest, tax, depreciation and amortization.

<sup>2</sup> The gearing ratio is based on total bank borrowings divided by equity (excluding minority interests) as at year end date.

<sup>3</sup> The net gearing ratio is based on total bank borrowings net of cash and cash equivalents divided by equity (excluding minority interests) as at year end date.

<sup>4</sup> The calculations of inventory and trade payable turnover days are based on the average of the opening and closing balances divided by cost of sales and multiplied by 365 days.

<sup>5</sup> The calculations of trade receivables turnover days are based on the average of the opening and closing balances divided by sales and multiplied by 365 days.

<sup>1</sup> 未計利息、稅項、折舊及攤銷前盈利是指未計利息、所得稅、折舊和攤銷前的盈利。

<sup>2</sup> 權益負債率以銀行借款總額除以年末權益(不含少數股東權益)計算。

<sup>3</sup> 淨權益負債率以扣除現金及現金等價物的銀行借款總額除以年末權益(不含少數股東權益)計算。

<sup>4</sup> 存貨及應付貿易賬款周轉天數的計算按期初期末餘額的平均數除以銷售成本乘以365天計算。

<sup>5</sup> 應收貿易賬款周轉天數的計算按期初期末餘額的平均數除以銷售乘365天計算。



# 牛奶

我愛



滅菌調味牛乳



## SALES

Our total sales increased by 28.8% from US\$849.95 million in 2006 to US\$1,094.54 million in 2007. All product segments recorded higher sales with dairy products and beverages achieving the most significant growth of 41.0% year-on-year.

### Rice crackers

Sales of rice crackers increased by 22.4% from US\$307.51 million in 2006 to US\$376.28 million in 2007. Core brand "Want Want" rice crackers contributed 65.5% to total sales (2006: 58.9%) and recorded an increase of 36.2% in sales as compared with that of last year. The sales growth was due mainly to an increase in sales volume and a slight increase in average selling price. Gift packs also registered an increase of 38.6% in sales from US\$58.83 million in 2006 to US\$81.56 million in 2007 with a 6.6% increase in average selling price. Sales of sub-brand rice crackers however, declined 28.9% to US\$48.02 million as competition from other sub-brands has been contained and the Group shifted its focus towards the higher margin core brand products.

### Dairy products and beverages

Sales of dairy products and beverages grew 41.0% from US\$276.75 million in 2006 to US\$390.23 million in 2007. Sales of all products increased, in particular, sales of 125ml tetra-pak Hot-Kid milk leapt 53.6% year-on-year. Coupled with an increase in the average selling price of canned Hot-Kid milk and other beverages such as "O bubble" yoghurt drinks, overall sales improved.

## 銷售

本集團的總銷售額成長了28.8%，從2006年的8.4995億美元增加到2007年的10.9454億美元。所有產品都實現了銷售額的增長，其中乳品及飲料與同期比銷售額大幅增長了41.0%。

### 米果類

米果類銷售額成長了22.4%，從2006年的3.0751億美元增加到2007年的3.7628億美元。旺旺主品牌米果的銷售額佔總營業額比高達65.5%（2006年：58.9%），銷售額與去年同期相比成長了36.2%。銷售額成長主要是由於銷量增加，以及平均售價的微幅上升。大禮包銷售額成長了38.6%，從2006年的5,883萬美元增加到2007年的8,156萬美元，當中平均售價上升了6.6%。然而，2007年副品牌米果的銷售額下降了28.9%，銷售額為4,802萬美元，這是由於競爭情況得到控制，本集團將重點集中到更高毛利的主品牌。

### 乳品及飲料類

乳品及飲料類銷售額成長了41.0%，從2006年的2.7675億美元增加到2007年的3.9023億美元。所有產品的銷售額都有所成長，尤其是125ml利樂包旺仔牛奶較去年同期大幅成長53.6%。加上罐裝旺仔牛奶和其他飲料如「O泡」果奶的平均售價提升，整體業績得到提升。





# Management Discussion and Analysis

## 管理層討論及分析

### SALES (continued)

#### Snack foods

Sales of snack foods increased by 23.5% from US\$257.31 million to US\$317.81 million due mainly to Candies and Ball Cakes which recorded year-on-year sales growth of 32.3% and 23.5% respectively. The improvements resulted mainly from continued improvements of existing products and the launch of new flavors and new packaging.

### COST OF SALES

Cost of sales increased by 24.3% from US\$529.35 million in 2006 to US\$658.07 million in 2007 along with the increase in sales, higher costs of raw materials and packaging and consumables used. Prices for our main raw material rice remained relatively stable whilst prices for sugar declined during the year. Milk powder prices rose in 4th quarter 2007 and prices of plastic films for packaging were also higher due to higher oil prices. However, these increases did not have significant impact on the Group due to our well diversified product portfolio. The Group will continue to monitor the price movements of commodities and address them with appropriate measures such as vertical integration.

### GROSS PROFIT

Gross profit increased by 36.1% from US\$320.60 million in 2006 to US\$436.47 million in 2007 due to higher sales. Despite the cost pressure we experienced in Mainland China, gross profit margin improved by 2.2 percentage points from 37.7% in 2006 to 39.9% in 2007. This was primarily due to higher sales and shift of sales mix towards higher margin products.

#### Rice crackers

Gross profit margin of rice crackers improved 4 percentage points. The increase was driven mainly by a shift in sales mix towards higher margin products comprising core brand "Want Want" rice crackers and gift packs. In addition, average selling price has also increased.

### 銷售 (續)

#### 休閒食品類

休閒食品類銷售額從2.5731億美元成長23.5%到3.1781億美元，主要由於糖果、小饅頭銷售額分別按年成長了32.3%和23.5%。銷售額成長主要來自現有產品的成長以及推出新口味和新包裝產品的貢獻。

### 銷售成本

由於銷售額成長和原材料、包裝物以及消耗品成本的增加，銷售成本增加了24.3%，由2006年的5.2935億美元增加到2007年的6.5807億美元。主要原料大米的價格保持相對穩定，而白糖的價格在本年有所回落。在2007年第四季度奶粉價格上漲，包材中的塑料薄膜由於石油漲價而價格上漲。但因本集團產品多元化，漲價整體影響不大，本集團將持續關注原物料的價格波動，作出適當措施如垂直整合策略。

### 毛利

由於銷售額成長，毛利總額成長了36.1%，由2006年的3.2060億美元增加到2007年的4.3647億美元。儘管在中國大陸我們面臨著成本壓力，但是毛利率仍提高了2.2個百分點，從2006年的37.7%升至2007年的39.9%。這主要是因為銷售額成長與銷售組合朝高毛利產品轉變。

#### 米果類

米果類的毛利率提升了4個百分點。主要是由於銷售組合轉向高毛利產品，包括主品牌旺旺米果及大禮包。此外，平均銷售價格也有所提升。



## GROSS PROFIT (continued)

### Dairy products and beverages

Dairy products and beverages also recorded an improvement in gross profit margin by 3.8 percentage points. Although cost of key raw material milk powder has increased, higher sales volume and increase in pricing for some products more than offset the higher costs. Together with effective production cost management, overall gross profit margin improved.

### Snack foods

Snack foods enjoyed the highest profit margin among the three key product segments. Its margin however declined marginally by 1.5 percentage points year-on-year despite an improvement in the gross profit margin of candies resulting from lower sugar and gelatin prices. This was mainly due to higher prices of key raw materials such as potato starch and palm oil. In addition, sales of new products which had yet achieved economies of scale, also affected the overall gross profit margin.

## OTHER INCOME

Other income for our Core Operations decreased by 21.5% from US\$29.8 million in 2006 to US\$23.4 million in 2007, primarily as a result of a decrease in government subsidies.

## SELLING AND DISTRIBUTION EXPENSES

Along with higher sales and inflation in China, selling expenses for our Core Operations increased by 25.3% from US\$105.3 million in 2006 to US\$131.9 million in 2007. The higher expenses were primarily a result of an increase in distribution expenses, salaries and benefits relating to our sales staff, promotion and advertising expenses and lease expenses.

## 毛利 (續)

### 乳品及飲料類

乳品及飲料類的毛利率也提升了3.8個百分點。雖然作為主要原物料的奶粉漲價，但因為銷量提升及一些產品提價抵銷了成本上升的影響，以及對生產成本進行有效控管，所以，乳品及飲料的整體毛利率仍然提升了。

### 休閒食品類

休閒食品類產品在三大類產品中的毛利率最高，但其毛利率與同期比下跌了1.5個百分點，儘管糖果的毛利率由於白糖明膠價格回落比上年同期有所提升。下跌主要是因為主要原物料之馬鈴薯澱粉和棕櫚油價格上升的影響。此外，新產品的銷售尚未形成規模經濟，也影響了整體的毛利率。

## 其他收入

本集團核心營運的其他收入下降了21.5%，由2006年的2,980萬美元降為2007年的2,340萬美元，主要由於政府補貼的減少造成。

## 銷售及分銷開支

隨著銷售額的增加和中國大陸通貨膨脹的影響，本集團核心營運的銷售開支上升了25.3%，從2006年的1.053億美元增長至2007年的1.319億美元，主要是分銷開支、銷售人員的工資與福利、推銷及廣告費用和租賃費用的增加。





## ADMINISTRATIVE EXPENSES

Administrative expenses for our Core Operations increased by 24.1% from US\$85.9 million in 2006 to US\$106.5 million in 2007 as sales and inflation in Mainland China rose. The increase in expenses was primarily resulted from an increase in salaries and benefits for management and administrative staff, depreciation, utility and lease expenses.

## OPERATING PROFIT

Our operating profit increased by 42.1% from US\$160.2 million in 2006 to US\$227.6 million in 2007, and our operating profit margin also increased from 18.9% to 20.8%.

## FINANCE INCOME/(COSTS)

Net finance costs of our Core Operations decreased by 50% from US\$3.3 million in 2006 to US\$1.6 million in 2007, primarily due to two main reasons. Firstly, bank borrowings decreased. Secondly, the increase in bank balances and deposits led to the increase in interests income.

## INCOME TAX EXPENSES

Income tax expenses for our Core Operations increased by 45.8% from US\$16.3 million in 2006 to US\$23.8 million in 2007, primarily as a result of an increase in profit before tax. Effective tax rate, which was 10.4% in 2006 and 10.5% in 2007, has remained stable.

## 行政開支

隨著銷售額的增加和中國大陸通貨膨脹的影響，本集團核心營運的行政開支上升了24.1%，從2006年的8,590萬美元增長至2007年的1.065億美元，主要是管理人員的工資與福利的增長、折舊費用、公用事業費用及租賃費用的增加。

## 經營溢利

本集團的經營溢利從2006年的1.602億美元增至2007年的2.276億美元，增長了42.1%。本集團的經營溢利率也從18.9%升至20.8%。

## 財務收入／（成本）

本集團核心營運的財務成本淨額由2006年的330萬美元下降至2007年的160萬美元，減少了50%。這主要由兩個原因造成。首先，銀行借款減少。其次，2007年銀行存款增加，利息收入因而上升。

## 所得稅開支

本集團核心營運的所得稅開支由2006年的1,630萬美元增至2007年的2,380萬美元，增長了45.8%，主要是由於本集團除稅前溢利的成長。所得稅實際稅率基本保持穩定，2006年為10.4%，2007年為10.5%。



# Management Discussion and Analysis

## 管理層討論及分析

### PROFIT ATTRIBUTABLE TO OUR EQUITY HOLDERS

As a result of the above, the profit of our Core Operations attributable to our equity holders increased by 42.5% from US\$141.2 million in 2006 to US\$201.2 million in 2007. The profit margin of our Core Operations attributable to our equity holders increased from 16.6% in 2006 to 18.4% in 2007.

### LIQUIDITY AND CAPITAL RESOURCES

#### Cash and bank borrowings

We generally finance our operations and capital expenditure by internally generated cash flows as well as banking facilities provided by our principal bankers.

As at December 31, 2007, our bank balances and deposits for Core Operations amounted to US\$270.5 million (2006: US\$167.4 million) representing an increase of 61.6%. About 90% of our cash was denominated in Renminbi.

Total borrowings for Core Operations decreased slightly by 7.7% to US\$183.3 million (2006: US\$198.6 million). Over 90% of our borrowings are repayable between 2–5 years. More than 91% of our borrowings are denominated in US Dollars.

We are in a net cash position of US\$87.2 million. The gearing ratio of our Company decreased to 26.5% from 33.5% in 2006. The gearing ratio is based on total bank borrowings divided by equity (excluding minority interests). We maintain sufficient cash and available banking facilities for our working capital requirement and to capitalize on investment opportunities in future.

### 權益持有人應佔溢利

鑒於上述原因，2007年本集團核心營運的權益持有人應佔溢利由2006年的1.412億美元增加至2.012億美元，增長了42.5%。2007年本集團核心營運的權益持有人應佔溢利率由2006年的16.6%增長至18.4%。

### 流動性與資本財力

#### 現金與銀行借款

一般而言，本集團經營所需資金及資本開支主要來源於內部經營產生的現金流及主要往來銀行提供的信貸額度。

截至2007年12月31日，本集團核心營運的銀行存款餘額為2.705億美元（2006年：1.674億美元），增長了61.6%。近90%的現金是人民幣。

2007年核心營運的總借款較2006年略有減少，金額為1.833億美元（2006年：1.986億美元），減少了7.7%。超過90%的借款償還期為2–5年。91%以上的借款幣別為美元。

本集團目前的淨現金為8,720萬美元。權益負債比率從2006年的33.5%下降至26.5%。權益負債比率乃根據銀行借款總額除以權益（不包括少數股東權益）計算。本集團擁有充足的現金及銀行信貸額度，既能滿足本集團營運資金的需求，也能滿足將來投資機會的資金需求。



## LIQUIDITY AND CAPITAL RESOURCES

(continued)

### Cashflow

During the year, we derived net cash inflow of US\$338.9 million from our Core Operations, offset by the net cash outflow from investing and financing activities of US\$191.8 million and US\$45.2 million respectively, resulting in a net cash increase of US\$103.0 million. Net cash outflows from investing activities was mainly related to the expansion of production facilities and the purchase of land use rights and property, plant and equipment.

### Capital expenditure

During the year, we incurred total capital expenditure of US\$87.9 million (2006: US\$123.3 million). Of which, we spent approximately US\$28.1 million, US\$26.5 million and US\$24.0 million on the additional factory buildings and facilities of rice crackers, dairy products and beverages and snack foods respectively, to further upgrade the manufacturing capabilities. The remaining is capital expenditure on packaging facilities and sales offices etc.

For the year 2008, we have budgeted US\$208.4 million for capital expenditure, of which approximately 71% is for capital expenditure to increase production capacity.

The above capital expenditure is expected to be financed by the net proceeds from the global initial public offering and internal resources of the Company.

### Inventory analysis

The inventory of our Core Operations primarily consists of finished goods, goods in transit, work in progress for rice crackers, dairy products and beverages, snack foods and other products, as well as raw materials and packaging materials.

## 流動性與資本財力 (續)

### 現金流量

在2007年，核心營運產生的淨現金流入為3.389億美元，扣除投資活動的淨現金流出1.918億美元和籌資活動的淨現金流出4,520萬美元，淨現金流入為1.030億美元。投資活動的淨現金流出，主要用於擴大生產規模、購買土地使用權及物業、廠房與設備。

### 資本開支

在2007年，本集團的資本開支總額為8,790萬美元(2006年：1.233億美元)。本集團分別投入了大約2,810萬美元、2,650萬美元和2,400萬美元用於增加三大類產品(米果類、乳品及飲料類和休閒食品類)的生產廠房和設備，以進一步提升生產能力。剩餘的資本開支，主要用於增加包裝設施和銷售辦事處等。

2008年，本集團的資本開支預算為2.084億美元，其中大約71%用於提高生產能力。

上述資本開支的籌措預期來源於全球首次公開發售國際配售股票的淨收益及本公司的內部資源。

### 存貨分析

核心營運的存貨主要包括米果類、乳品及飲料類、休閒食品類及其他類的製成品、在途存貨和在製品，以及原材料和包裝材料。



# Management Discussion and Analysis

## 管理層討論及分析

### LIQUIDITY AND CAPITAL RESOURCES

(continued)

#### Inventory analysis (continued)

The following table sets forth the turnover of our inventory for our Core Operations for 2007 and 2006:

	As at December 31	
	於12月31日	
	2007	2006
Inventory turnover days 存貨周轉天數	104	108

Inventory turnover days decreased slightly in 2007 as a result of our enhanced inventory management. In addition, we have been building our own production facilities for milk powder and packaging, which decreased our cost of raw materials and packaging and also decreased our need to purchase in bulk.

#### Trade receivables

Our trade receivables for our Core Operations represent the receivables from our customers. The terms of credit we grant to our customers are usually 60 days. We only grant credit to customers in our direct sales channel, pursuant to which we sell our products directly to modern retailers, mainly supermarkets, hypermarkets, chain stores and convenience stores, which then on-sell our products to end-customers. We do not grant credit to our wholesalers in China, and all our products are sold to wholesalers in Mainland China on a cash-on-delivery basis.

### 流動性與資本財力(續)

#### 存貨分析(續)

下表列示核心營運於2007年與2006年的存貨周轉天數：

2007年，存貨周轉天數略有減少，主要由於本集團加強了庫存管理。此外，本集團一直在建設自己的奶粉與包裝物的生產設施，這既降低了原材料和包裝物的成本，也減少了大批量採購的需要。

#### 應收貿易賬款

本集團核心營運的應收貿易賬款，指的是本集團對客戶賒銷產生的應收款項。本集團的賒銷期限通常是60天。本集團只給予直銷渠道中的信貸客戶提供賒銷，主要是超級市場，量販店，連鎖超市和便利店，由他們將產品銷售給本集團的最終客戶。本集團對中國大陸的批發商以款到發貨的方式銷售產品，不提供賒銷服務。



## LIQUIDITY AND CAPITAL RESOURCES

(continued)

### Trade receivables (continued)

The following table sets forth the turnover of our trade receivables for our Core Operations for 2007 and 2006:

	As at December 31	
	於12月31日	
	2007	2006
Trade receivables turnover days	20	22
應收貿易賬款周轉天數		

### Trade payables

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

	As at December 31	
	於12月31日	
	2007	2006
Trade payables turnover days	47	56
應付貿易賬款周轉天數		

### Contingent liabilities

As at December 31, 2007, WWHL provided guarantees amounting to US\$45,100,000 for the bank borrowings of Hunan Want Want Hospital Co., Ltd., a company of the Discontinued Non-core Operations. The guarantees had been subsequently released in March 2008.

### Pledge of assets

As at December 31, 2007, the properties under development for sale with carrying value of US\$16.6 million were pledged to secure certain bank borrowings of the Group. The borrowings had been repaid and the property mortgage had been released upon disposal of the property in January 2008.

## 流動性與資本財力 (續)

### 應收貿易賬款 (續)

下表列出了2007年和2006年本集團核心營運的應收貿易賬款周轉天數：

	As at December 31	
	於12月31日	
	2007	2006
Trade receivables turnover days	20	22
應收貿易賬款周轉天數		

### 應付貿易賬款

本集團核心營運的應付貿易賬款主要由除購設備和原材料產生。我們的供應商給予的信貨條件一般為設備180天，原材料30天至60天(從收到貨物及發票後的日期算起)。

	As at December 31	
	於12月31日	
	2007	2006
Trade payables turnover days	47	56
應付貿易賬款周轉天數		

### 或然負債

於2007年12月31日，旺旺控股就湖南旺旺醫院有限公司(已終止非核心營運的一間公司)的銀行借款提供金額為45,100,000美元的擔保。有關擔保其後已於2008年3月解除。

### 資產抵押

於2007年12月31日，待售開發中物業的賬面價值為1,660萬美元，已為取得集團銀行借款已用作抵押擔保。該借款在2008年1月該物業處置時已付清並解除抵押。





# Management Discussion and Analysis

## 管理層討論及分析

### HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of December 31, 2007, we had approximately 36,000 employees for Core Operations (2006: 31,000) and paid US\$120.3 million (2006: US\$96.3 million) in total remuneration in 2007. The remuneration package of the employees includes fixed salary, commissions and allowances (where applicable), and performance-based bonus. Some Directors and senior management staff were granted share options under our pre-IPO share option scheme. An employee share option has also been put in place for the Company to incentivise and retain employees, and to encourage them to work towards enhancing the value of the Company and promote the long-term growth of the Company.

We invest in continuing education and training programs for our employees to upgrade their skills and knowledge continuously. External training programmes as well as internal training courses are also provided to the relevant staff as and when required.

### 人力資源和員工薪酬

截至2007年12月31日，核心營運員工人數約為36,000人(2006年：31,000人)，2007年總薪酬為1.203億美元(2006年：9,630萬美元)。員工的薪酬包括固定工資，佣金及津貼(如適用)，以及與表現掛鈎的花紅。部分董事及高級管理人員根據香港首次公開發售前購股權計劃享有購股權。僱員購股權用於激勵和挽留員工，鼓勵他們為提高本公司價值而不懈努力，並促進本公司的長期發展。

本集團對員工的持續教育和培訓計劃有相當的投入，以不斷提升員工的知識與技能。本集團經常在必要時給相關的工作人員提供外部及內部的培訓課程。

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# Corporate Governance Report

## 企業管治報告

Our Company, together with its subsidiaries are committed to maintain and uphold best corporate governance practices and procedures. We recognize the value and importance of achieving high corporate governance standards to promote corporate transparency and accountability and to enhance shareholders' value.

### MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

We have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the HK Stock Exchange (the "Listing Rules") regarding directors' securities transactions. We have made specific enquiries to each director of our Company (the "Directors"), and all our Directors have confirmed that they have been complying with the Model Code from the date of the Listing up to the date of this Annual Report.

### CORPORATE GOVERNANCE PRACTICES

We have complied with the Code on Corporate Governance (the "Code") as set out in Appendix 14 to the Listing Rules from the date of the Listing up to the date of this Annual Report, except for the deviation from provisions A.2.1 and A.4.1 of the Code. The reasons for these deviations are explained further below.

We will periodically review and improve our corporate governance practices with reference to the latest developments in corporate governance. The key corporate governance principles and practices of our Company are summarized below.

本公司連同其附屬公司致力維持及支持最佳的企業管治常規及程序。我們認同實現高水準企業管治之價值及重要性，可提升企業透明度和問責性及提升股東價值。

### 董事進行證券交易之標準守則

我們已採納載於香港聯交所上市規則(「上市規則」)附錄10就董事進行證券交易之上市發行人之董事進行證券交易的標準守則(「標準守則」)。我們已向本公司的每一位董事(「董事」)作出特定查詢，全體董事已確認，彼等自上市日期起至本年報刊發日期間，均已遵守標準守則所訂之標準。

### 企業管治常規

自本公司上市日期起至本年報刊發日期期間，我們一直遵守上市規則附錄14所規定之企業管治守則(「守則」)，惟關於守則A.2.1及A.4.1有所偏離除外。該等偏離之原因將於下文進一步說明。

我們參考企業管治之最新發展，定期評估及改善企業管治常規。本公司採取的主要企業管治原則及常規概述如下。



# Corporate Governance Report

## 企業管治報告

### THE BOARD OF DIRECTORS

#### Roles of the board

The Board is responsible for leadership and control of our Company. The principal roles of the Board are:

- to formulate the long-term strategies of our Group;
- to lay down the objectives, policies and business plans of our Group;
- to monitor and evaluate the operating and financial performance against the objectives set; and
- to establish effective control measures to assess and manage risk in pursuit of our objectives.

The management team has been delegated with the authority and responsibility by the Board for the day-to-day management of our Group. In addition, the Board has also delegated certain specific responsibilities to the various board committees, namely, audit committee (the “Audit Committee”), remuneration committee (the “Remuneration Committee”) and nomination committee (the “Nomination Committee”). Further details of these committees are set out on pages 39 to 45 in this Annual Report.

### 董事會

#### 董事會之角色

董事會負責領導及監控本公司。董事會的主要角色如下：

- 制訂本集團之長遠策略；
- 訂立本集團之目標、政策及業務計劃；
- 按已訂目標監控及評估營運及財務表現；及
- 建立有效控制措施來進行風險評估及管理以達至本集團之目標。

管理團隊已獲董事會授權並負責管理本集團之日常事務。此外，董事會亦分派若干責任予各董事會委員會，如審核委員會、薪酬委員會及提名委員會。該等委員會之進一步詳情載於本年報第39至45頁。



## THE BOARD OF DIRECTORS (continued)

### Composition of the board and various board committees

The Board currently consists of twelve Directors, comprising four executive Directors, four non-executive Directors and four independent non-executive Directors. For details of the composition of the Board, please refer to the section headed “Corporate Information” in this Annual Report.

### Independence and relationship

We have complied with Rule 3.10 of the Listing Rules in relation to the appointment of a sufficient number of independent non-executive Directors. Mr. Toh David Ka Hock, one of our independent non-executive Directors, possesses appropriate professional qualifications and accounting or related financial management expertise.

We have received a written annual confirmation from each independent non-executive Director of his independence in accordance with Rule 3.13 of the Listing Rules and therefore considers each of them to be independent.

Biographical details of the Directors and their relationship with each other are set out in the section headed “Directors and Senior Management” in this Annual Report.

We have arranged appropriate insurance coverage on directors and officers’ liabilities in respect of any legal actions which may be taken against our Directors and officers in the execution and discharge of their duties or in relation thereto.

### Board meeting

The Board will meet regularly at quarterly intervals following the Listing. In addition, special Board meetings will be held as and when necessary.

## 董事會 (續)

### 董事會及各董事會委員會之組成

董事會目前由12名董事組成，包括4名執行董事、4名非執行董事及4名獨立非執行董事。有關董事會之組成詳情，請參閱載於本年報「公司資料」一節。

### 獨立性及關係

本公司已遵守上市規則第3.10條有關委任足夠數量之獨立非執行董事。本公司其中一名獨立非執行董事卓家福先生擁有合適之專業資格，並擁有會計或相關財務管理的專業知識。

本公司已接獲各獨立非執行董事就彼等根據上市規則第3.13條規定之獨立性作出之週年書面確認，故認為彼等各自均為獨立人士。

董事履歷及彼等各自之關係載於本年報「董事及高級管理人員」一節。

本公司已為董事及執行人員購買責任保險，保障彼等因履行其職責或相關事宜時可能要承擔的訴訟責任。

### 董事會會議

董事會將自上市後定期於每個季度開會。此外，必要時會舉行特別會議。



# Corporate Governance Report

## 企業管治報告

### THE BOARD OF DIRECTORS (continued)

#### Board meeting (continued)

One regular Board meeting was held after the Listing up to the date of this Annual Report and attendance of individual directors at that meeting is as follows:

### 董事會 (續)

#### 董事會會議 (續)

自上市日期起至本年報刊發日期期間董事會共舉行1次例會，各董事之出席紀錄如下：

Name of Directors 董事姓名	Number of board meeting attended 出席董事會會議次數	Attendance rate 出席率
<i>Executive Directors</i> 執行董事		
Mr. Tsai Eng-Meng 蔡衍明先生	1/1	100%
Mr. Liao Ching-Tsun 廖清圳先生	1/1	100%
Mr. Chu Chi-Wen 朱紀文先生	1/1	100%
Mr. Tsai Shao-Chung 蔡紹中先生	1/1	100%



**THE BOARD OF DIRECTORS** (continued)**董事會** (續)**Board meeting** (continued)**董事會會議** (續)

<b>Name of Directors</b> 董事姓名	<b>Number of board meeting attended</b> 出席董事會會議次數	<b>Attendance rate</b> 出席率
<i>Non-executive Directors</i>		
<i>非執行董事</i>		
Mr. Maki Haruo 楨春夫先生	1/1	100%
Mr. Tomita Mamoru 富田守先生	1/1	100%
Mr. Lin Feng-l 林鳳儀先生	1/1	100%
Mr. Cheng Wen-Hsien 鄭文憲先生	1/1	100%
<i>Independent Non-executive Directors</i>		
<i>獨立非執行董事</i>		
Mr. Toh David Ka Hock 卓家福先生	1/1	100%
Mr. Pei Kerwei 貝克偉先生	1/1	100%
Mr. Chien Wen-Guey 簡文桂先生	1/1	100%
Mr. Lee Kwang-Chou 李光舟先生	1/1	100%



# Corporate Governance Report

## 企業管治報告

### THE BOARD OF DIRECTORS (continued)

#### Board meeting (continued)

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For all other Board meetings, reasonable notice will be given. The notice of Board meeting, agenda and relevant information of each meeting are generally made available to all Directors in advance. Directors are invited to include any matters which they believe appropriate in the agenda of regular Board meetings and Directors have full and direct access to the advice and services of the company secretary whenever necessary.

Detailed minutes are recorded for Board meetings. Draft and final versions of minutes are sent to all Directors for their comments and records. Minutes of meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee are kept by the company secretary and open for inspection at any reasonable time on reasonable notice by any Director.

Directors are encouraged to seek independent professional advice, at our Company's expenses.

#### Appointment, re-election and removal of Directors

Currently, non-executive Directors and independent non-executive Directors of the Company do not have specific terms of appointment which deviates from provision A.4.1 of the Code which stipulates that non-executive Directors should be appointed for a specific term, subject to re-election.

### 董事會 (續)

#### 董事會會議 (續)

董事會例會通告於會議最少14天前送交全體董事，其他所有董事會會議一般亦發出合理通知。每次董事會通告、議程及相關資料一般都會提前送呈全體董事。董事獲邀將任何彼等認為合適之事項列入董事會例會議程內。全體董事在必要時均可全面及直接獲取公司秘書之意見及服務。

董事會會議均有詳細紀錄，會議紀錄的初稿及最終定稿發送至全體董事以供彼等提供意見及紀錄存檔。公司秘書負責備存董事會、審核委員會、薪酬委員會及提名委員會之會議紀錄。任何董事於合理時間內發出合理通知後可查閱有關文件。

董事於必要時可尋求獨立專業建議，費用均由本公司支付。

#### 委任、重選及罷免董事

目前本公司之非執行董事及獨立非執行董事並無指定任期，這偏離於守則第A.4.1條文有關非執行董事應以指定任期聘任並須接受重選之規定。



## THE BOARD OF DIRECTORS (continued)

### Appointment, re-election and removal of Directors (continued)

The articles of association of the Company (the “Articles of Association”) provide that all our Directors are subject to retirement by rotation at least once every three years and at the annual general meeting, one-third of our Directors for the time being or, if the number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation and offer themselves for re-election. As such, the Board considers that sufficient measures have been put in place to ensure our Company’s corporate governance practice in this aspect provides sufficient protection for the interests of shareholders to a standard commensurate with the provision of the Code.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same person. The Company deviates from this provision because Mr. Tsai Eng-Meng performs both the roles of Chairman and Chief Executive Officer. Mr. Tsai is the founder of our Group and has over 30 years of experience in the food and beverage industry. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group’s business strategies. We shall nevertheless review the structure from time to time in light of prevailing circumstances.

### BOARD COMMITTEES

The Board has established three committees, namely the Remuneration Committee, Audit Committee and Nomination Committee for overseeing particular aspects of the affairs of the Company. These committees are established with written terms of reference.

## 董事會 (續)

### 委任、重選及罷免董事 (續)

根據本公司之公司章程(「公司章程」)，所有董事至少每3年須輪席退任一次。於每屆股東週年大會上，當時三分之一之在任董事(倘人數並非三之倍數，則最接近但不少於三分之一之人數)須輪值卸任並膺選連任。因此，董事會認為此方面已採取足夠措施確保本公司之企業管治常規可充分保障股東之權益，並符合守則條文所規定的標準。

### 主席及行政總裁

根據守則條文第A.2.1條，主席與行政總裁的角色應予區分，不應由一人同時兼任。由於蔡衍明先生擔任主席兼行政總裁兩個職務，故本公司偏離此條文。蔡先生為本集團之創辦人，於食品及飲料方面擁有逾30年經驗。考慮到本集團目前之發展階段，董事會認為，由一人同時兼任主席與行政總裁，在實施並執行本集團的業務策略時，可為本公司提供強大而貫徹之領導。然而，本集團將根據屆時情況不時檢討現行架構。

### 董事會委員會

董事會已成立3個委員會，即薪酬委員會、審核委員會及提名委員會，專門監管本公司之特定事務。該等委員會均已制訂書面職權範圍。





# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES (continued)

#### Remuneration Committee

The Remuneration Committee was established on February 18, 2008 in compliance with the requirements of the Code. Details of the duties and responsibilities of the Remuneration Committee are set out in its terms of reference. The Remuneration Committee has been established primarily for the purpose of ensuring that we can recruit, retain and motivate high quality personnel, which are essential to the success of our Group.

The Remuneration Committee comprises all four independent non-executive Directors and two executive Directors as follows:

Mr. Toh David Ka Hock\* (*Chairman*)  
Mr. Pei Kerwei\*  
Mr. Chien Wen-Guey\*  
Mr. Lee Kwang-Chou\*  
Mr. Chu Chi-Wen  
Mr. Tsai Shao-Chung

\* denotes Independent Non-executive Director

### 董事會委員會 (續)

#### 薪酬委員會

本公司遵照守則的規定於2008年2月18日成立薪酬委員會。薪酬委員會之職責詳情載於其職權範圍內。薪酬委員會成立之主要目的是確保本公司能夠招攬、挽留及激勵高質素之僱員，彼等乃本公司成功之重要元素。

薪酬委員會包括4名獨立非執行董事及2名執行董事，詳情如下：

卓家福先生\* (*主席*)  
貝克偉先生\*  
簡文桂先生\*  
李光舟先生\*  
朱紀文先生  
蔡紹中先生

\* 為獨立非執行董事



## BOARD COMMITTEES (continued)

### Remuneration Committee (continued)

The Remuneration Committee has met once from the date of the Listing to the date of this Annual Report. The attendance of the members of the Remuneration Committee is as follows:

Member of the Remuneration Committee 薪酬委員會成員	Number of meeting attended 出席會議次數	Attendance rate 出席率
Mr. Toh David Ka Hock ( <i>Chairman</i> ) 卓家福先生(主席)	1/1	100%
Mr. Pei Kerwei 貝克偉先生	1/1	100%
Mr. Chien Wen-Guey 簡文桂先生	1/1	100%
Mr. Lee Kwang-Chou 李光舟先生	1/1	100%
Mr. Chu Chi-Wen 朱紀文先生	1/1	100%
Mr. Tsai Shao-Chung 蔡紹中先生	1/1	100%

The following is a summary of the work performed by the Remuneration Committee up to the date of this Annual Report:

- recommended remuneration package of non-executive Directors to the Board;
- reviewed and recommended remuneration package of executive Directors to the Board;
- reviewed and approved performance-based remuneration offered by the Company with reference to corporate goals and objectives; and
- reviewed the Group's policy on reimbursement of expenses for Directors and senior management.

## 董事會委員會 (續)

### 薪酬委員會 (續)

自上市日期起至本年報刊發日期期間薪酬委員會共舉行1次會議。酬薪委員會各成員之出席紀錄如下：

薪酬委員會截至本年報刊發日期所進行之工作概述如下：

- 向董事會建議非執行董事之薪酬待遇；
- 向董事會評估及建議執行董事之薪酬待遇；
- 參照企業目標及方針，評估及批准本公司所提供的與表現掛鈎之薪酬；及
- 檢討本集團有關董事與高級管理人員費用報銷之政策。



# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES (continued)

#### Remuneration Committee (continued)

The compensation structure for the Directors and senior management is made up of two parts, that is, fixed component and the variable incentive. The fixed component mainly comprises of salary, retirement benefit scheme contributions and other allowances which are determined by reference to the remuneration benchmark in similar industry or industry with similar market capitalization and the prevailing market conditions. The variable incentives are bonus and share options granted under the Company's share option scheme, which are performance-based and are payable and granted upon achievement of individual and corporate goals and objectives as determined by the Board from time to time.

#### Audit Committee

The Audit Committee was established on February 18, 2008 in compliance with the requirements of the Code. Details of the duties and responsibilities of the Audit Committee are set out in its terms of reference. The Audit Committee has been established primarily for the purpose of overseeing the Group's financial reporting system, risk management and evaluating internal controls and auditing processes.

The Audit Committee comprises all four independent non-executive Directors as follows:

Mr. Toh David Ka Hock (*Chairman*)  
Mr. Pei Kerwei  
Mr. Chien Wen-Guey  
Mr. Lee Kwang-Chou

### 董事會委員會 (續)

#### 薪酬委員會 (續)

董事及高級管理人員之薪酬架構由2部分組成，即固定薪酬及浮動獎金。固定薪酬主要指薪金、退休福利計劃供款及其他津貼，以上均根據同業或具相同市值業界水平及當時市場環境而釐定；浮動獎金指花紅及根據本公司購股權計劃下授出之購股權，屬於按表現而釐定及在達到由董事會不時釐定之企業及個人表現指標而授出。

#### 審核委員會

審核委員會於2008年2月18日遵照守則所規定而成立。審核委員會之職責詳情載於其職權範圍內。審核委員會成立之主要目的是監察本集團之財務報告系統、風險管理及評估內部監控及審核程序。

審核委員會由4名獨立非執行董事組成，詳情如下：

卓家福先生 (*主席*)  
貝克偉先生  
簡文桂先生  
李光舟先生



## BOARD COMMITTEES (continued)

### Audit Committee (continued)

The Audit Committee has met once from the date of the Listing to the date of this Annual Report. The attendance of the members of the Audit Committee meeting is as follows:

Member of the Audit Committee 審核委員會成員	Number of meeting attended 出席會議次數	Attendance rate 出席率
Mr. Toh David Ka Hock ( <i>Chairman</i> ) 卓家福先生(主席)	1/1	100%
Mr. Pei Kerwei 貝克偉先生	1/1	100%
Mr. Chien Wen-Guey 簡文桂先生	1/1	100%
Mr. Lee Kwang-Chou 李光舟先生	1/1	100%

The following is a summary of the work performed by the Audit Committee up to the date of this Annual Report:

- reviewed the development of the accounting standards and its impact on the Group;
- reviewed the Group's annual results before submission to the Board for approval;
- reviewed policy on engagement of external auditor for providing non-audit service to the Group and approving the remuneration and terms of engagement of external auditor;
- made recommendation on the re-appointment of external auditor;
- reviewed the Group's financial control, internal control and risk management systems;

## 董事會委員會 (續)

### 審核委員會 (續)

自上市日期起至本年報刊發日期期間審核委員會共舉行1次會議。審核委員會各成員之出席紀錄如下：

審核委員會截至本年報刊發日期所進行之工作概述如下：

- 評估會計準則的變動及其對本集團之影響；
- 評估本集團之週年業績並呈交董事會批准；
- 評估委聘外聘核數師向本集團提供非核數服務之政策，及批准外聘核數師之薪酬及委聘條款；
- 提出續聘外聘核數師之建議；
- 評估本集團之財務監控、內部監控及風險管理系統；



# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES (continued)

#### Audit Committee (continued)

- reviewed the Group's finance and treasury function and internal audit function to ensure proper reporting accountability and adequate resources; and
- reviewed the continuing connected transactions of the Group.

#### Auditor's Remuneration

The fees paid to the auditor of the Company in respect of the audit of the Group's financial statements for the year ended December 31, 2007 amounted to US\$594,000.

#### Nomination Committee

The Nomination Committee was established on February 18, 2008 in compliance with the requirements of the Code. Details of the duties and responsibilities of the Nomination Committee are set out in its terms of reference. Its roles are as follows:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board with regard to any changes;

### 董事會委員會 (續)

#### 審核委員會 (續)

- 評估本集團之金融及財資及內審活動功能，確保適當的呈報責任及合理地運用資源；及
- 評估本集團之持續關連交易。

#### 核數師薪酬

支付給核數師審計本集團截至2007年12月31日止年度財務報表的審計費為594,000美元。

#### 提名委員會

提名委員會於2008年2月18日遵照守則所規定而成立。提名委員會之職責詳情載於其職權範圍內。其角色如下：

- 定期檢討董事會之架構、規模及組成（包括技能、知識及經驗），並就任何改動向董事會提出推薦建議；



## BOARD COMMITTEES (continued)

### Nomination Committee (continued)

- to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorship;
- to assess the independence of the independent Non-executive Directors; and
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer.

The Nomination Committee comprises three independent non-executive Directors, one non-executive Director and one executive Director, as follows:

Mr. Pei Kerwei\* (*Chairman*)  
Mr. Toh David Ka Hock\*  
Mr. Lee Kwang-Chou\*  
Mr. Lin Feng-I#  
Mr. Tsai Shao-Chung

\* denotes Independent Non-executive Director

# denotes Non-executive Director

Since the Company was only listed on the HK Stock Exchange on March 26, 2008 and most Directors were newly appointed in late 2007 or early 2008, no Nomination Committee meeting was held from the date of the Listing to the date of this Annual Report. The first Nomination Committee meeting will be held within the year after the Listing.

## 董事會委員會 (續)

### 提名委員會 (續)

- 鑑別適合之合資格人士成為董事會成員，並就揀選可供提名為董事之個別人士向董事會提出推薦建議；
- 評估本公司獨立非執行董事之獨立性；及
- 就有關本公司董事委任或續任之事宜，以及本公司董事(特別是本公司主席及行政總裁)之繼任方案向董事會提出推薦建議。

提名委員會由3名獨立非執行董事、1名非執行董事及1名執行董事組成，如下：

貝克偉先生\*(主席)  
卓家福先生\*  
李光舟先生\*  
林鳳儀先生#  
蔡紹中先生

\* 為獨立非執行董事

# 為非執行董事

由於本公司剛於2008年3月26日在香港聯交所上市，而大部分董事於2007年底或2008年初方獲委任，故自上市日期起至本年報刊發日期期間提名委員會並未舉行任何會議，提名委員會會議將於上市後1年內舉行。



# Corporate Governance Report

## 企業管治報告

### INTERNAL CONTROLS

The Board is responsible for the implementation of internal control systems of the Group and for reviewing the effectiveness of the systems. For the preparation of listing of the shares of the Company on the HK Stock Exchange, we have engaged Horwath Risk Advisory Services, an external consultancy firm to review various aspects of the internal control systems of the Group. The findings identified in the consultant's report have been properly followed up and appropriate actions taken accordingly.

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The Board assesses and reviews the effectiveness of the internal control systems and procedures based on the information derived from discussions with senior management, internal audit team and external auditor. The Audit Committee has reviewed the comments of external auditors provided at the Audit Committee meeting.

For the year ended December 31, 2007, based on the assessment made by the senior management and the internal audit team, the Audit Committee is satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

### DIRECTORS' RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements which give a true and fair view of the state of affairs, profitability and cash flow of the Group for the year and ensure that such statements are prepared in accordance with the statutory requirements and applicable accounting standards.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group for the year ended December 31, 2007 are set out on pages 77 to 78 of this Annual Report.

### 內部監控

董事會負責本集團內部監控系統之實施及其效果。本公司為籌備在香港交易所上市，已委聘外部顧問公司香港浩華風險諮詢服務有限公司對內部監控系統各方面進行評估，本公司已及時跟進顧問報告內提出的問題並已作出相應的行動。

董事會透過與高層管理人員、內部審核團隊及外聘核數師進行討論的方式，來評估及檢討內部監控系統之有效性。審核委員會已在審核委員會會議上審閱外聘核數師提出之建議。

截至2007年12月31日止年度，根據高級管理人員及內部審核團隊作出之評估，本集團已備有持續進程序以確認、評估及管理本集團所面對之重大風險，審核委員會對此感到滿意。

### 董事於綜合財務報表之責任

董事確認編製該綜合財務報表之責任，該等財務報表乃真實與公平地反映本集團於本年度之財務狀況、盈利能力及現金流量，並確保財務報表乃根據法定規定及適用會計準則編製。

本公司外聘核數師於截至2007年12月31日止年度之綜合財務報表之申報責任詳情載於本年報第177至178頁。

# Directors and Senior Management

## 董事及高級管理人員

### GENERAL

Our Board currently consists of 12 Directors, comprising four executive Directors, four non-executive Directors and four independent non-executive Directors.

### DIRECTORS

#### Executive Directors

**TSAI Eng-Meng**, aged 51, is our Chairman and Chief Executive Officer and an executive Director. He was the general manager of I Lan Foods Industrial Co., Ltd, a wholly owned subsidiary of our Company established to pioneer the Group's food and beverage production and distribution business in Taiwan. He succeeded his father to become the Group's Chairman in April 1987. Mr. Tsai joined the Group and began his career in the food and beverage industry in 1976 and has more than 30 years of experience in the industry. He was a council member of the Standing Committee of Taiwan Confectionery, Biscuit and Floury Food Industry Association, and the Food Development Association of Taiwan. Mr. Tsai is the chairman of WWHL, and the chairman and controlling shareholder of San Want. Mr. Tsai is the father of Mr. Tsai Shao-Chung and the uncle of Mr. Cheng Wen-Hsien.

**LIAO Ching-Tsun**, aged 56, is an executive Director and the general manager of our rice cracker division. Mr. Liao graduated from Taipei College of Maritime Technology with a degree in aquaculture. Mr. Liao has 34 years of experience in the food and beverage industry. He joined our Group in July 1977 and has served our Group for more than 30 years. Mr. Liao held the positions of head of production section, head of quality control section, deputy factory manager and factory manager of I Lan Foods Industrial Co., Ltd, a subsidiary of our Company. He is one of the pioneers in spearheading the Group's China operations. Mr. Liao was an executive director of WWHL. He is also a director of Hunan Want Want Hospital Co., Ltd., a subsidiary of San Want.

### 一般資料

我們的董事會現有12名董事，包括4名執行董事、4名非執行董事及4名獨立非執行董事。

### 董事

#### 執行董事

**蔡衍明**，51歲，我們的主席、行政總裁兼執行董事。蔡先生是本公司全資附屬公司宜蘭食品工業股份有限公司(開拓本集團台灣食品和飲料生產及分銷業務的公司)的總經理。他於1987年4月繼承父業而成為本集團主席。蔡先生於1976年加入本集團及開始從事食品和飲料行業的事業，於業界具有逾30年經驗。他是台灣區糖果餅乾麵食工業同業公會及食品發展協會的常務理監事。蔡先生為旺旺控股的主席及神旺的主席兼控股股東。蔡先生為蔡紹中先生的父親及鄭文憲先生的舅父。

**廖清圳**，56歲，執行董事兼米果事業部總經理。廖先生畢業於台北海洋技術學院，取得水產養殖學學位。廖先生於食品及飲料行業具有34年經驗。他於1977年7月加入本集團，效力本集團超過30年。廖先生曾於本公司附屬公司宜蘭食品工業股份有限公司擔任生產部主管、品保部主管、副廠長及廠長職位。他是開創本集團中國業務的先鋒之一。廖先生為旺旺控股的執行董事。他亦為神旺之附屬公司湖南旺旺醫院有限公司董事。





# Directors and Senior Management

## 董事及高級管理人員

### DIRECTORS (continued)

#### Executive Directors (continued)

**CHU Chi-Wen**, aged 42, is an executive Director and chief financial officer of our Group. Mr. Chu graduated from Michigan State University with a master degree in Economics in 1992. He also graduated with a master degree in professional accountancy from the Chinese University of Hong Kong & Shanghai National Accounting Institute. Mr. Chu has 15 years of experience in financial management. Before joining our Group in April 1997, Mr. Chu was an assistant finance manager at Dialer & Business Co. Ltd from 1996 to 1997 and a finance supervisor at Delta Electronics, Inc. from 1995 to 1996. Mr. Chu was also a financial analyst for the Taiwan Provincial Government from 1992 to 1995.

**TSAI Shao-Chung**, aged 26, is an executive Director and manager of the Chairman's office. Mr. Tsai Shao-Chung is also a Director of a number of the Group's subsidiaries, including WWHL. Mr. Tsai Shao-Chung joined the Group in March 2001, following his graduation from Canadian International School (Singapore). Prior to being appointed to his current position, he had undergone management job rotations in several functions in China such as logistics, human resources, information technology, planning and operations. Mr. Tsai Shao-Chung is a director of Union Insurance Company, a company listed on the Taiwan Stock Exchange Limited, and a director of a number of subsidiaries of San Want. Mr. Tsai Shao-Chung is the son of the Chairman, Mr. Tsai Eng-Meng and a cousin of Mr. Cheng Wen-Hsien.

### 董事(續)

#### 執行董事(續)

**朱紀文**，42歲，本集團執行董事兼財務總監。朱先生於1992年畢業於密西根州立大學，取得經濟學碩士學位。他亦於香港中文大學及上海國家會計學院合辦的課程取得專業會計學碩士學位。朱先生於財務管理方面具有15年經驗。於1997年4月加入本集團前，朱先生於1996年至1997年擔任大霸電子股份有限公司助理財務經理，於1995至1996年任職台達電子工業股份有限公司財務部主管。朱先生亦於1992年至1995年出任台灣省政府財務分析師。

**蔡紹中**，26歲，執行董事兼幕僚處經理，蔡紹中先生亦是本集團多家附屬公司(包括旺旺控股)的董事。蔡紹中先生於2001年3月在加拿大國際學校(新加坡)畢業後加入本集團。他獲委任現行職務前，曾在中國多個管理職位輪調數個崗位，如物流、人力資源、資訊科技、策劃及營運。蔡紹中先生為友聯產物保險公司(在台灣證券交易所上市的公司)的董事，並為數間神旺附屬公司的董事。蔡紹中先生為主席蔡衍明先生的兒子及鄭文憲先生的表弟。



## DIRECTORS (continued)

### Non-executive Directors

**MAKI Haruo**, aged 56, is a non-executive Director. Mr. Maki is the president of ICCL, a listed company in Japan and one of the leading rice cracker producers in Japan, as well as our technical cooperation partner. Mr. Maki graduated from Toyama National University with a bachelor degree. Mr. Maki joined ICCL in 1976 and has served ICCL for more than 30 years, and was promoted to become its President in 1998. Mr. Maki joined our Group in May 2001 and was a non-executive director of WWHL.

**TOMITA Mamoru**, aged 69, is a non-executive Director. Mr. Tomita graduated with a bachelor degree from Hokkaido University. He was subsequently awarded with a doctoral degree in agriculture from Hokkaido University based on his doctoral thesis entitled “Study of the Technology of Hyper-Filtration of Milk”. Mr. Tomita has more than 40 years of experience in the dairy industry. He worked at Morinaga Milk Industry Co., Ltd. from 1961 to 2005 and held various positions, including the head of research and development, managing director and senior managing director. In 2006, he established the Dairy Techno Inc. and serves as the chairman to date. In 1993, he was awarded with “Scientific Technology Excellence Award of Japan” by virtue of his research result, “Development of the Manufacturing Process of Lactose”. He issued a number of academic papers, both locally and internationally. He also serves as the vice president of the Japan National Committee of the International Dairy Federation. Mr. Tomita was appointed as a Non-executive Director of our Group in September 2007.

## 董事(續)

### 非執行董事

**植春夫**，56歲，非執行董事。植先生為日本一家上市公司、日本著名米果生產商兼本公司技術合作夥伴岩塚制果株式會社(「岩塚制果」)的總裁。植先生畢業於國立富山大學，取得學士學位。植先生於1976年加入岩塚制果，於岩塚制果任職逾30年，並於1998年晉升為該公司總裁。植先生於2001年5月加入本集團，並為旺旺控股的非執行董事。

**富田守**，69歲，非執行董事。富田先生畢業於北海道大學，取得學士學位。富田先生所發表的博士論文「牛奶超過濾技術的研究」，使他其後獲得北海道大學頒發農學博士學位。富田先生於日本乳品工業具有40年以上經驗，於1961年至2005年任職森永乳業株式會社，曾擔任多個職務，包括研發部主管、董事總經理及高級董事總經理。2006年，他成立了 Dairy Techno Inc.，並一直擔任其主席至今。1993年，他的研究成果「乳糖製造工序的發展」，令他獲頒發「日本科技技術長管獎」。他曾在日本國內外發表過多篇學術文章。他亦擔任國際乳業聯盟日本國家委員會副理事長。富田先生於2007年9月獲委任為本集團的非執行董事。



# Directors and Senior Management

## 董事及高級管理人員

### DIRECTORS (continued)

#### Non-executive Directors (continued)

**LIN Feng-I**, aged 53, is a non-executive Director. He is the general manager of San Want and a director of a number of subsidiaries of San Want. He holds a degree in accountancy from Soo Chow University in Taiwan. Mr. Lin has 30 years of experience in finance, accounting, administration and management. He joined our Group in 1983 as finance manager. In 1985, he joined Audix Corporation as its finance and administrative manager and was subsequently promoted to deputy general manager. In April 1994, he rejoined our Group as vice president and is a director of a number of the Group's subsidiaries, including WWHL.

**CHENG Wen-Hsien**, aged 44, is a non-executive Director. Mr. Cheng is the chief executive officer of Hunan Want Hospital Co., Ltd. He graduated from the Graduate School of Commerce of Waseda University with a master degree in commerce. Prior to joining our Group, Mr. Cheng worked at Izumi Securities in Japan and Cathay Trust Investment and Chinfon Bank in Taiwan, before his appointment as vice president of Daiwa Securities SMBCCathay Co., Ltd. in Taiwan for almost 10 years. Mr. Cheng joined the Group in August 2004 and was an executive director of WWHL. Mr. Cheng is Mr. Tsai Eng-Meng's nephew and a cousin of Mr. Tsai Shao-Chung.

### 董事(續)

#### 非執行董事(續)

**林鳳儀**，53歲，非執行董事。他為神旺總經理，並為數間神旺附屬公司的董事。他持有台灣東吳大學頒授的會計學學位。林先生於財務、會計、行政及管理擁有30年經驗。他於1983年加入本集團，出任財務經理。1985年，他加入敦吉科技股份有限公司任職財務及行政經理，其後晉升為副總經理。1994年4月，他重返本集團擔任副總裁，現任本集團多間附屬公司(包括旺旺控股)的董事。

**鄭文憲**，44歲，非執行董事。鄭先生為湖南旺旺醫院有限公司行政總裁。他畢業於早稻田大學商業研究院，取得商業碩士學位。鄭先生於加入本集團前，曾任職於日本住友集團泉證券及台灣國泰信託及慶豐銀行，繼而擔任日本大和證券集團台北子公司大和國泰證券副總裁近10年。鄭先生於2004年8月加入本集團，為旺旺控股執行董事。鄭先生為蔡衍明先生的外甥及蔡紹中先生的表兄。



## DIRECTORS (continued)

### Independent non-executive Directors

**TOH David Ka Hock**, aged 55, is an independent non-executive Director. Mr. Toh holds a bachelor degree in commerce from the University of New South Wales, Australia and is a member of the Institute of Chartered Accountants in Australia. Mr. Toh worked at the then KPMG, Sydney as an audit and tax consultant from 1975 to mid-1980 before joining Arthur Young & Co., Sydney where he worked until 1982. He then started, David Toh & Co. his own practice in Sydney. Mr. Toh worked at the then Arthur Young & Co., Hong Kong from 1984 until 1990. Mr. Toh joined the then Coopers and Lybrand, Singapore as a tax principal in 1990. Whilst at Coopers and Lybrand, Singapore, Mr. Toh was head of corporate tax. After Coopers and Lybrand merged with Pricewaterhouse to form PricewaterhouseCoopers, Mr. Toh was the Asian Leader for providing tax advice on mergers and acquisition transactions and the head of China Desk. Mr. Toh retired from PricewaterhouseCoopers Singapore in July 2007. Mr. Toh joined our Group in November 2007.

## 董事 (續)

### 獨立非執行董事

**卓家福**，55歲，獨立非執行董事。卓先生持有澳洲新南威爾斯大學商科學士學位，現為澳洲特許會計師公會會員。卓先生於1975年至1980年中任職當時的悉尼畢馬威會計師行的審核及稅務顧問，繼而加入悉尼 Arthur Young & Co. 工作至1982年，其後在悉尼成立執業公司 David Toh & Co。卓先生於1984年至1990年間任職當時的香港 Arthur Young & Co.，此後於1990年加入當時的新加坡 Coopers & Lybrand 擔任稅務主管，卓先生於新加坡 Coopers and Lybrand 任職時擔任企業稅務主管。於 Coopers and Lybrand 與 Pricewaterhouse 合併以組成 PricewaterhouseCoopers 後，卓先生出任亞洲區主管，負責提供併購交易的稅務意見，以及中國稅務顧問部主管。卓先生於2007年7月在新加坡 PricewaterhouseCoopers 退休後，於2007年11月加入本集團。



# Directors and Senior Management

## 董事及高級管理人員

### DIRECTORS (continued)

#### Independent non-executive Directors (continued)

**PEI Kerwei**, aged 51, is an independent non-executive Director. He graduated from Southern Illinois University with a master degree in accountancy and holds a doctorate degree in accounting from the University of North Texas. Dr. Pei is a Professor of Accounting and the Associate Dean of the W.P. Carey School of Business at Arizona State University. Throughout his 21 year career at Arizona State University, Dr. Pei has held the position of Assistant Professor, Associate Professor and Professor. He was the director of the China MBA programme and the director of the MSIM/MBA programme at Arizona State University from 1997 to 2003. He was promoted to the position of Associate Dean in 2003. Dr. Pei has acted as a consultant for a number of multi-national companies, including Motorola Inc., Intel Corporation, Bank of America Corporation, Dial Corporation, Raytheon Company, Cisco Systems Inc. and Honeywell International Inc. Dr. Pei has been an independent director and the chairman of the audit committee of the board of directors at Baosteel Co., Ltd (a company listed on the Shanghai Stock Exchange Limited with stock code 600019) since 2005 and as an independent director and chairman of the remuneration committee of the board of directors at Zhong An Real Estate Limited (a company listed on the Hong Kong Stock Exchange with stock code 672) since 2007. Dr. Pei was appointed as the chairman of the Steering Committee on Globalization of the American Accounting Association in 1997 and the chairman of the Chinese Accounting Professors' Association of North America from 1993 to 1994. Dr. Pei joined our Group in November 2007.

### 董事(續)

#### 獨立非執行董事(續)

**貝克偉**，51歲，獨立非執行董事。他畢業於美國南伊利諾大學，取得會計學碩士學位，並持有北德州大學會計博士學位。貝先生為美國阿利桑那州立大學凱瑞商學院的會計教授及副院長，於21年間歷任阿利桑那州立大學的助理教授、副教授及教授。1997年至2003年間，他亦出任阿利桑那州立大學的中國工商管理碩士課程主任及MSIM/MBA課程主任。他於2003年晉升至副院長。貝先生曾擔當摩托羅拉公司、英特爾公司、美國銀行、代爾企業、雷神公司、思科系統公司及Honeywell International Inc.等多間跨國公司的顧問，自2005年起擔任寶山鋼鐵股份有限公司(在上海聯交所上市的公司，其股份代號為600019)獨立董事兼董事會審核委員會主席，自2007年起擔任眾安房產有限公司(在香港聯交所上市的公司，其股份代號為672)獨立董事兼董事會薪酬委員會主席。貝先生於1997年獲委任為美國會計學會全球委員會主席，並於1993年至1994年間擔任北美華人會計教授學會主席。貝博士於2007年11月加入本集團。



## DIRECTORS (continued)

### Independent non-executive Directors (continued)

**CHIEN Wen-Guey**, aged 71, is an independent non-executive Director. Mr. Chien graduated from Tung Wu University with a bachelor degree in economics. Mr. Chien worked at Formosa Chemicals & Fibre Corporation of Formosa Plastics Group for 18 years from 1965 to 1983 and has held various positions, including associate director of accounting department and chief of staff in the office of the chief executive officer. Mr. Chien joined Taiwan Pulp & Paper Corporation in 1983 and has held various positions in his 12 years with the company, including finance manager, vice president and executive director. Mr. Chien joined our Group in February 2008.

**LEE Kwang-Chou**, aged 64, is an independent non-executive Director. Mr. Lee graduated from National Chung Hsing University with a bachelor degree in agricultural economy. Mr. Lee worked at the First Commercial Bank of Taiwan for 24 years from 1968 to 1992 and has held various positions, including assistant branch manager, head of audit department and manager. Mr. Lee joined the headquarter of Grand Commercial Bank in 1992 as manager of operations division. Mr. Lee has held various positions in different divisions in his 13 years with Grand Commercial Bank, including manager of business division, vice president of central division and private banking division. Mr. Lee retired as vice president of Grand Commercial Bank and consultant of Chinatrust Commercial Bank in 2005. Mr. Lee joined our Group in January 2008.

## 董事 (續)

### 獨立非執行董事 (續)

**簡文桂**，71歲，獨立非執行董事。簡先生畢業於東吳大學，取得經濟學學士學位。於1965年至1983年，簡先生於台塑關係企業轄下的台灣化學纖維股份有限公司任職18年，曾擔任多個職務，包括會計部副經理以及行政總裁辦公室的員工主管。簡先生於1983年加入台灣紙業股份有限公司，於他任職的12年間曾擔任多個職務，包括財務經理、副主席及執行董事。簡先生於2008年2月加入本集團。

**李光舟**，64歲，獨立非執行董事。李先生畢業於國立中興大學，取得農業經濟學學士學位。於1968年至1992年這24年間，李先生於台灣第一商業銀行任職，曾擔任多個職位，包括助理分行經理、審計部主管及經理。於1992年，李先生加入萬通商業銀行總行，出任營運部經理。於萬通商業銀行任職的13年間，李先生曾於多個部門擔任多個職位，包括業務部經理、中心部門及私人理財部門副主管。於2005年，李先生退任萬通商業銀行副總裁及中國信託商業銀行顧問。李先生於2008年1月加入本集團。



# Directors and Senior Management

## 董事及高級管理人員

### SENIOR MANAGEMENT

**LU Chih-Li**, aged 56, is the general manager of the snacks division. Mr. Lu graduated from National Taiwan Ocean University with a bachelor degree in food science. Mr. Lu has more than 30 years of experience in production management and almost 10 years of experience in sales and marketing. Mr. Lu joined our Group in May 1978 and has held various senior positions in our Group.

**HUANG Yung-Sung**, aged 54, is the managing director of the operations department. Mr. Huang graduated from Taiwan Minghsin Junior College of Technology with a degree in engineering. Mr. Huang has more than 30 years of experience in sales and marketing. Mr. Huang joined the Group in January 1985 and was responsible for sales and marketing. He was the manager of the East China district from 1995 to 1998 and was responsible for operations management. Mr. Huang was subsequently promoted to general manager of international sales division in 1999 and has been the general manager of the operations division since 2000.

**LIN Chen-Shih**, aged 54, is the managing director of the manufacturing department. Mr. Lin graduated from National Chung Hsing University with a bachelor degree in food science and engineering. Mr. Lin has more than 28 years of experience in the food and beverage industry. Mr. Lin was appointed as manager of the research and development department in 1995. Since then, he has held various positions, including director of the production department and managing director of the manufacturing department. Prior to joining our Group in August 1995, he was the head of the quality control section at Taiwan Heysong Beverage Holdings Ltd. from 1979 to 1995. Mr. Lin is a director of the Shanghai Society of Food Science.

### 高級管理人員

**呂熾煜**，56歲，休閒食品事業部總經理。呂先生畢業於國立台灣海洋大學，取得食品科學學士學位。呂先生於生產管理方面具有30多年經驗，銷售及營銷方面的經驗亦將近10年。呂先生於1978年5月加入本集團，曾於本集團擔任多個要職。

**黃永松**，54歲，營運總處總處長。黃先生畢業於台灣明新工業專科學校，取得工程學學位。黃先生於銷售及營銷方面具有30多年經驗。黃先生於1985年1月加入本集團，負責銷售及營銷業務。1995年至1998年間，他任職華東區經理，負責營運管理。其後，黃先生於1999年獲晉升為國際事業總處總處長，自2000年起出任營運總處總處長。

**林鎮世**，54歲，生產總處總處長。林先生畢業於國立中興大學，取得食品科學及工程學士學位。林先生於食品及飲料行業具有超過28年經驗。林先生於1995年獲委任為研發部經理。自此，他曾歷任多個職務，包括生產處處長及生產總處總處長。於1995年8月加入本集團前，他於1979年至1995年出任台灣黑松飲料股份有限公司質控組組長。林先生現為上海市食品科學學會會長。



## SENIOR MANAGEMENT (continued)

**HSIEH Shun-Tang**, aged 39, is the general manager of the confectionery division. He holds a master degree in food science from Dayeh University. Mr. Hsieh has 12 years of experience in the food and beverage industry. He joined our Group as a researcher in July 1996 and has held various senior positions. He is also a member of the China National Candy Association.

**CUI Yu-Man**, aged 38, is the general manager of the sales channel division. Mr. Cui graduated from Shanghai Business School with a bachelor degree in marketing. He also holds a master degree in business administration from the Belgium Business School. Mr. Cui has 13 years of experience in the food and beverage industry. Mr. Cui was a general manager of KelaiYa Food Co., Ltd from 1994 to 1996. He was a business manager of Shanghai PengLai Ltd from 1996 to 1997. Mr. Cui joined the Group in April 1998 and has held various positions, ascending through the ranks and appointed as general manager in 2005.

**LEE Yu-Sheng**, aged 50, is the managing director of the investment department. Mr. Lee holds a bachelor of laws degree from National Chung Hsing University. He joined the Group in May 1986 and was a director of various divisions and department of our Group, including the administration department, investment department, legal department and human resource department. Mr. Lee was appointed as a representative member of Food Development Association in Taiwan in 1999. He has been a member of the Taiwan Beverage Industries Association and Taiwan Confectionery, Biscuit and Flourey Food Industry Association since 2006.

## 高級管理人員(續)

**謝順堂**，39歲，糖果事業部總經理。他持有大葉大學頒授的食品科學碩士學位。謝先生於食品及飲料行業具有12年經驗。他於1996年7月加入本集團擔當研究員，曾擔任多個職務。他現為中國國家糖果協會會員。

**崔玉滿**，38歲，通路發展事業部總經理。崔先生畢業於上海商學院，取得市場學學位。他亦持有 Belgium Business School 工商管理碩士學位。崔先生在食品及飲料行業具有13年經驗。崔先生於1994年至1996年任職柯萊雅食品經營公司總經理。他於1996年至1997年任職上海鵬萊事業有限公司業務經理。崔先生於1998年4月加入本集團，歷任多個職務，積功晉升並於2005年獲委任為總經理。

**李玉生**，50歲，投資總處總處長。李先生持有國立中興大學法律學士學位。他於1986年5月加入本集團，曾任本集團多個部門的主管，包括管理處、投資處、法律處及人力資源處。1999年，李先生獲委任為台灣食品產業發展協會代表成員。他從2006年起成為台灣飲料工業同業公會及台灣糖果餅乾麵食工業同業公會的會員。





# Directors and Senior Management

## 董事及高級管理人員

### SENIOR MANAGEMENT (continued)

**LEE Ming-Chun**, aged 42, is the managing director of the administration department. Mr. Lee graduated from Chinese Culture University with a bachelor's degree. He also holds a master degree in business administration from the W.P. Carey School of Business of Arizona State University. Mr. Lee joined the Group in March 1994 and has held various positions, including financial controller, director of the accounting department and director of the Chairman's office. Prior to joining the Group, Mr. Lee was an auditor at the then Ernst & Young Accounting Firm from 1991 to 1993.

**MEI Philip Hong Tao**, aged 52, is the managing director of the international business division. He joined the Group in November 2001. Mr. Mei graduated from Concordia University in Canada with a bachelor of commerce degree. Mr. Mei has 19 years of experience in the food and beverage industry in China, and 26 years of experience in sales, marketing and management. Prior to joining our Group, he worked at Unilever Taiwan Ltd. and Unilever China Ltd., where he held various senior positions between 1987 and 2001. Mr. Mei was the marketing manager of the wine and spirits division at Jardine, Mathesons & Co. Taiwan from 1983 to 1987. He was also an executive managing director of the Taiwan Soap & Detergent Association and a director of the Department Stores Association of Taipei Chamber of Commerce.

### 高級管理人員 (續)

**李鳴春**，42歲，管理總處總處長。李先生畢業於中國文化大學，取得學士學位。他亦持有阿利桑那州立大學凱瑞商學院工商管理碩士學位。李先生於1994年3月加入本集團，曾擔任多個職務，包括財務總監、財務部部長及幕僚處處長。於加入本集團前，李先生於1991年至1993年間擔任其時的致遠會計師事務所審核師一職。

**梅鴻道**，52歲，國際事業總處總處長。他於2001年11月加入本集團。梅先生畢業於加拿大 Concordia University，取得商科學士學位。梅先生於中國的食品及飲料行業具有19年經驗，並於銷售、營銷及管理方面具有26年經驗。於加入本集團前，梅先生於1987年至2001年間任職聯合利華股份有限公司及聯合利華(中國)有限公司，並擔任多個高管職務。1983年至1987年，梅先生擔任台灣 Jardine, Mathesons & Co. 的酒品部營銷經理。他曾出任台灣肥皂清潔劑工業同業公會理事及台北市百貨商業同業公會常務理事。



## SENIOR MANAGEMENT (continued)

**SU Hong-Chieh**, aged 39, is the director of the logistics and warehousing division. Mr. Su graduated from the information management department of the Tamkang University of Taiwan with a bachelor degree. Mr. Su has 14 years of experience in information systems, storage management and management consultancy. Mr. Su was an assistant manager of the information department of TestRite Inc. Co., Ltd. from 1993 to 1997, and was a senior consultant of the information risk management department at KPMG from 1997 to 1998. Mr. Su was a deputy manager of the information technology department at Zero-One Co., Ltd. from 1998 to 1999. Mr. Su was the manager of the information technology department and customer service center at Taiwan International Investment Management Company Limited from 1999 to 2000 and the head of the East China district at PreVision Technology Ltd. from 2000 to 2004. Mr. Su was a director of the information technology departments at Abit Computer Co., Ltd. from 2004 to 2005. Mr. Su joined the Group in September 2005 as the director of the logistics and warehousing division.

## COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

**LAI Hong Yee**, aged 39, is the company secretary, qualified accountant, authorised representative and investor relations manager. Ms. Lai joined the Group in February 2008 on a full-time basis. Ms. Lai holds a Bachelor of Arts degree in accounting from the City University of Hong Kong. She has over 16 years of experience in company secretarial, finance, accounting and auditing field. Prior to joining our Group, Ms. Lai worked at Gemalto Technologies Asia Limited, the ultimate holding company of which is Gemalto N.V., a company listed on Euronext Paris, as financial controller for over 8 years. She is a fellow of the Hong Kong Institute of Chartered Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales.

## 高級管理人員(續)

**蘇宏杰**，39歲，儲運處處長。蘇先生畢業於台灣淡江大學信息管理系，取得學士學位。蘇先生於信息系統、貯存管理及管理顧問擁有14年經驗。蘇先生於1993年至1997年擔任 TestRite Inc. Co., Ltd. 信息部副經理，並於1997年至1998年擔任畢馬威會計師行信息風險管理部高級顧問。蘇先生於1998年至1999年擔任 Zero-One Co., Ltd. 信息科技部副經理。蘇先生於1999年至2000年擔任金鼎證券投資信託公司信息科技及顧客服務中心經理。蘇先生於2000年至2004年擔任 PreVision Technology Ltd. 中國東部主管。蘇先生於2004年至2005年擔任 Abit Computer Co., Ltd. 信息科技部董事。蘇先生於2005年9月加入本集團，擔任儲運處處長。

## 公司秘書兼合資格會計師

**黎康儀**，39歲，公司秘書、合資格會計師、法定代表兼投資者關係經理。黎女士於2008年2月全職加入本集團。黎女士持有香港城市大學會計系文學士學位。她於公司秘書、財務、會計及核數方面具有16年以上經驗。於加入本集團前，黎女士曾在 Gemalto Technologies Asia Limited (最終控股公司為在巴黎證券交易所上市的公司 Gemalto N.V.) 任職財務總監逾8年。她是香港會計師公會資深會員及英格蘭及威爾斯特許會計師公會會員。



# Report of the Directors

## 董事會報告

The Directors are pleased to present their report together with the audited financial statements for the year ended December 31, 2007.

### PRINCIPAL ACTIVITIES

Our Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing, distribution and sales of food and beverages.

An analysis of the performance of the Group's Core Operations for the year by business segments and geographical segments are set out in note 5 to the consolidated financial statements.

### SUBSIDIARIES

Particulars of our Company's principal subsidiaries as at December 31, 2007 are set out in note 44 to the consolidated financial statements.

### RESULTS

The results of our Group for the year ended December 31, 2007 are set out in the consolidated income statement of our Group on page 82 of this Annual Report.

### DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of US0.91 cents per ordinary share of the Company in respect of the year ended December 31, 2007. The final dividend will be paid in Hong Kong dollars based on the official exchange rate of United States dollars against Hong Kong dollars as quoted by The Hongkong and Shanghai Banking Corporation Limited at its mid rate of exchange prevailing on June 3, 2008, being the date of the annual general meeting on which the final dividend will be proposed to the shareholders for approval.

全體董事欣然提呈其報告，連同截至2007年12月31日止年度之經審核財務報表。

### 主要業務

本公司為一家投資控股公司，其附屬公司主要從事製造、分銷及銷售食品及飲料。

本年度本集團核心營運按業務分部及地區分部之業績表現分析載於綜合財務報表附註5。

### 附屬公司

於2007年12月31日本公司的主要附屬公司之詳情載於綜合財務報表附註44。

### 業績

本集團截至2007年12月31日止年度之綜合業績載於本年報第182頁本集團之綜合收益表。

### 股息及暫停辦理股份過戶登記手續

董事會建議就截至2007年12月31日止年度派發末期股息每普通股0.91美仙。末期股息將根據香港上海匯豐銀行有限公司於2008年6月3日（即提呈末期股息予本公司股東於股東週年大會上批准派發末期股息建議當日）所報美元兌港元之官方中位匯率換算成港元派付。



## **DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS** (continued)

Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be paid on or about June 16, 2008 to shareholders whose names appear on the register of members of our Company on June 3, 2008. The register of members of our Company will be closed from May 29, 2008 to June 3, 2008 (both days inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the forthcoming annual general meeting and to qualify for the abovementioned proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with our Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on May 28, 2008.

## **RESERVES**

As at December 31, 2007, distributable reserves of our Company amounted to US\$619,986,000. Movements in reserves of our Group and our Company during the year are set out in note 22 to the consolidated financial statements.

## **SHARE CAPITAL**

Details of the movements in the share capital of our Company during the year are set out in Note 21 to the consolidated financial statements.

## **股息及暫停辦理股份過戶登記手續** (續)

派息建議待股東於應屆股東週年大會上批准後，末期股息將於2008年6月16日或前後派付予於2008年6月3日名列本公司股東名冊之股東。本公司將由2008年5月29日至2008年6月3日暫停辦理股份過戶登記手續。為確定有權出席應屆股東週年大會並於會上投票以及有權獲派上述建議末期股息之股東名單，所有轉讓文件連同有關之股票須於2008年5月28日下午4時30分前送達本公司之香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712至1716室辦理股份過戶登記手續。

## **儲備**

於2007年12月31日，本公司之可供分派儲備為619,986,000美元。本年度本集團及本公司之儲備變動載於綜合財務報表附註22。

## **股本**

本公司於年內之股本變動詳情載於綜合財務報表附註21。



# Report of the Directors

## 董事會報告

### MAJOR CUSTOMERS AND SUPPLIERS

Our five largest customers contributed in aggregate less than 30% of our total sales for the financial year.

Our five largest suppliers constituted in aggregate less than 30% of our total purchases for the financial year.

### PROPERTY, PLANT AND EQUIPMENT

The movements in our Group's property, plant and equipment during the year are set out in note 6 to the consolidated financial statements.

### BORROWINGS

The details of the borrowings of our Group are set out in note 26 to the consolidated financial statements.

### DONATIONS

The charitable and other donations made by the Core Operations of our Company during the year amounted to approximately US\$1 million.

### DISCONTINUED NON-CORE OPERATIONS

The details of the Discontinued Non-core Operations are set out in Note 39 to the consolidated financial statements.

### FINANCIAL SUMMARY

A summary of the combined results and of the assets and liabilities of the Group for the last four financial years is set out on pages 11 to 12 of this Annual Report.

### 主要客戶及供應商

我們五大客戶合共佔我們本年度銷售總額不足30%。

我們五大供應商合共佔本年度採購總額不足30%。

### 物業、機器及設備

本集團之物業、機器及設備於年內之變動載於綜合財務報表附註6。

### 借款

借款詳情載於綜合財務報表附註26。

### 捐贈

年內本公司核心營運的慈善捐款及其他捐贈總額約為100萬美元。

### 已終止非核心營運

已終止非核心營運之詳情載於綜合財務報表附註39。

### 財務概要

本集團於過去四個財政年度之合併業績及資產和負債概要載於本年報第11至12頁。



## DIRECTORS

The Directors of the Company during the year and up to the date of this Annual Report are:

### Executive Directors

#### 執行董事

Mr. Tsai Eng-Meng  
(Chairman and Chief Executive Officer)

蔡衍明先生  
(主席兼行政總裁)

Mr. Liao Ching-Tsun  
廖清圳先生

Mr. Chu Chi-Wen  
朱紀文先生

Mr. Tsai Shao-Chung  
蔡紹中先生

### Non-executive Directors

#### 非執行董事

Mr. Maki Haruo  
楨春夫先生

Mr. Tomita Mamoru  
富田守先生

Mr. Lin Feng-l  
林鳳儀先生

Mr. Cheng Wen-Hsien  
鄭文憲先生

### Independent non-executive Directors

#### 獨立非執行董事

Mr. Toh David Ka Hock  
卓家福先生

Mr. Pei Kerwei  
貝克偉先生

Mr. Lee Kwang-Chou  
李光舟先生

Mr. Chien Wen-Guey  
簡文桂先生

Mr. Chan Pengee Adrian

陳秉義先生

## 董事

年內及截至本年報刊發日期本公司之董事如下：

appointed on October 3, 2007

於2007年10月3日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on November 12, 2007  
於2007年11月12日獲委任

appointed on January 29, 2008  
於2008年1月29日獲委任

appointed on February 4, 2008  
於2008年2月4日獲委任

appointed on November 12, 2007  
and resigned on February 4, 2008

於2007年11月12日獲委任  
並於2008年2月4日辭任



# Report of the Directors

## 董事會報告

### DIRECTORS (continued)

Mr. Lee Kwang Chou and Mr. Chien Wen-Guey were appointed by the Board during the year and, pursuant to Article 114 of the Articles of Association, shall retire from office as Directors at the Annual General Meeting and being eligible, offer themselves for re-election. Mr. Tsai Eng-Meng, Mr. Chu Chi-Wen, Mr. Lin Feng-I and Mr. Cheng Wen-Hsien shall retire from office as Directors at the Annual General Meeting and being eligible, offer themselves for re-election in accordance with Article 130 of the Articles of Association.

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### BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are set out under the section headed "Directors and Senior Management" of this Annual Report.

### DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers Mr. Toh David Ka Hock, Mr. Pei Kerwei, Mr. Lee Kwang-Chou and Mr. Chien Wen-Guey to be independent.

### 董事 (續)

李光舟先生及簡文桂先生於年內被董事會委任為董事，根據公司章程第114條，將於應屆股東週年大會上卸任，惟符合資格並願意膺選連任。根據公司章程第130條，蔡衍明先生、朱紀文先生、林鳳儀先生及鄭文憲先生將於應屆股東週年大會上輪值卸任，惟符合資格並願意膺選連任。

### 董事履歷

董事之履歷詳情載於本年報「董事及高級管理人員」一節。

### 董事服務合約

概無董事與本公司或其任何附屬公司訂立服務合約(不包括將於一年內屆滿或可由僱主於一年內毋須作出賠償(法定賠償除外)之未屆滿服務合約)。

### 獨立非執行董事之獨立性確認

本公司根據香港聯交所上市規則第3.13條已取得各獨立非執行董事就其獨立性發出之確認，而本公司認為卓家福先生、貝克偉先生、李光舟先生及簡文桂先生確屬獨立人士。

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

The shares of the Company commenced dealings on the HK Stock Exchange on March 26, 2008. As at the date of this Annual Report, the interests and short positions of the Directors and chief executive officer of our Company in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the HK Stock Exchange pursuant to the Model Code in the Listing Rules are as follows:

## 董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券之權益及淡倉

本公司之股份於2008年3月26日開始在香港聯交所進行交易。於本年報刊發日期，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券根據證券及期貨條例第352條須存置於登記冊內或根據上市規則之標準守則須知會本公司及香港聯交所之權益及淡倉如下：



Name of Director/ Chief Executive 董事／行政人員姓名	Nature of interest 權益性質	Number and class of securities <sup>(1)</sup> 證券數目及類別 <sup>(1)</sup>	Approximate percentage of interest in the Company 佔本公司權益的概約百分比
Tsai Eng-Meng <sup>(2)</sup> 蔡衍明 <sup>(2)</sup>	Interests in a controlled corporation and family interests 受控制公司權益及家族權益	6,750,063,100 (L)	50.9334%
Liao Ching-Tsun <sup>(3)</sup> 廖清圳 <sup>(3)</sup>	Beneficial interests 實益權益	90,200 (L)	0.0007%
Chu Chi-Wen <sup>(4)</sup> 朱紀文 <sup>(4)</sup>	Beneficial interests 實益權益	71,200 (L)	0.0005%
Tsai Shao-Chung <sup>(5)</sup> 蔡紹中 <sup>(5)</sup>	Interests in a controlled corporation 受控制公司權益	100,000,000 (L)	0.7546%
Lin Feng-I <sup>(6)</sup> 林鳳儀 <sup>(6)</sup>	Beneficial interests 實益權益	84,800 (L)	0.0006%
Cheng Wen-Hsien <sup>(7)</sup> 鄭文憲 <sup>(7)</sup>	Interests in a controlled corporation and beneficial interests 受控制公司權益及實益權益	158,644,640 (L)	1.1971%



# Report of the Directors

## 董事會報告

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION (continued)

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) An aggregate of 6,350,063,100 shares (representing approximately 47.9152% of the total issued share capital of the Company) are beneficially owned by Hot-Kiid Holdings Limited ("HKHL"), the controlling shareholder of our Company. Tsai Eng-Meng is the controlling shareholder of HKHL and, therefore, is deemed or taken to be interested in those shares for the purposes of the SFO. An aggregate of 400,000,000 shares (representing approximately 3.0182% of the total issued share capital of the Company) are beneficially owned by Tsai Eng-Meng's children under the age of 18 and Tsai Eng-Meng, therefore, is deemed or taken to be interested in those shares for the purposes of the SFO.
- (3) Liao Ching-Tsun has been granted rights to subscribe for an aggregate of 90,200 shares under the Pre-IPO Share Option Scheme.
- (4) Chu Chi-Wen has been granted rights to subscribe for an aggregate of 71,200 shares under the Pre-IPO Share Option Scheme.
- (5) An aggregate of 100,000,000 shares is beneficially owned by Twitcher Limited. Tsai Shao-Chung is the ultimate beneficial owner of Twitcher Limited and, therefore, is deemed or taken to be interested in those shares for the purposes of the SFO.
- (6) Lin Feng-I has been granted rights to subscribe for an aggregate of 84,800 shares under the Pre-IPO Share Option Scheme.
- (7) Cheng Wen-Hsien is the beneficial owner of 158,568,040 shares (representing approximately 1.1965% of the total issued share capital of the Company). In addition, Cheng Wen-Hsien has been granted rights to subscribe for an aggregate of 76,600 shares (representing approximately 0.0006% of the total issued share capital of the Company) under the Pre-IPO Share Option Scheme.

Save as the above, none of the Directors or the chief executive of our Company or their spouse and children under the age of 18, had any right to subscribe for the securities of our Company, or had exercised any such right.

### 董事及主要行政人員於本公司及其相連法團之股份、相關股份及債券之權益及淡倉 (續)

附註：

- (1) 「L」代表該名人士於該等股份中擁有的好倉。
- (2) 合共6,350,063,100股股份(佔本公司已發行股本總數約47.9152%)由本公司之控股股東Hot-Kiid Holdings Limited(「HKHL」)實益擁有。蔡衍明為HKHL之控股股東，因此根據證券及期貨條例被視為或當作於該等股份中擁有權益。合共400,000,000股股份(佔本公司已發行股本總數約3.0182%)由蔡衍明未滿18歲的子女實益擁有，因此蔡衍明根據證券及期貨條例被視為或當作於該等股份中擁有權益。
- (3) 廖清圳根據首次公開發售前購股權計劃獲授權認購合共90,200股股份。
- (4) 朱紀文根據首次公開發售前購股權計劃獲授權認購合共71,200股股份。
- (5) 合共100,000,000股股份由Twitcher Limited實益擁有。蔡紹中為Twitcher Limited之最終實益擁有人，因此根據證券及期貨條例被視為或當作於該等股份中擁有權益。
- (6) 林鳳儀根據首次公開發售前購股權計劃獲授權認購合共84,800股股份。
- (7) 鄭文憲為合共158,568,040股股份(佔本公司已發行股本總數約1.1965%)之實益擁有人。此外，鄭文憲根據首次公開發售前購股權計劃獲授權認購合共76,600股股份(佔本公司已發行股本總數約0.0006%)。

除上述所披露者外，概無本公司董事或主要行政人員或其配偶或未滿18歲子女擁有任何權利以認購本公司之證券或行使任何此等權利。



## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDER DISCLOSABLE UNDER THE SFO

The shares of the Company commenced dealings on the HK Stock Exchange on March 26, 2008. As at the date of this Annual Report, insofar as the Directors are aware, the interests and short positions of any person, other than any Director or the chief executive of our Company, in the shares and underlying shares of our Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

## 根據證券及期貨條例主要股東須予披露之權益及淡倉

本公司之股份於2008年3月26日開始在香港聯交所進行交易。於本年報刊發日期，就董事所悉，根據證券及期貨條例第336條須存置於本公司之主要股東名冊中，以下人士（本公司董事或行政人員除外）持有本公司股份或相關股份之權益或淡倉：

Name of shareholder 股東姓名	Nature of interest 權益性質	Number and class of securities <sup>(1)</sup> 證券數目及類別 <sup>(1)</sup>	Approximate percentage of interest in the Company 佔本公司權益概約百分比
HKHL HKHL	Beneficial owner 實益擁有人	6,350,063,100 (L)	47.9152%
Tsai Eng Meng <sup>(2)</sup> 蔡衍明 <sup>(2)</sup>	Interest in a controlled corporation and family interests 受控制公司權益及 家族權益	6,750,063,100 (L)	50.9334%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Tsai Eng Meng is the controlling shareholder of HKHL and, therefore, is deemed or taken to be interested in the 6,350,063,100 shares (representing approximately 47.9152% of the total issued share capital of the Company) which are beneficially owned by HKHL for the purposes of the SFO. An aggregate of 400,000,000 shares (representing approximately 3.0182% of the total issued share capital of the Company) is beneficially owned by Mr. Tsai's children under the age of 18 and Mr. Tsai, therefore, is deemed or taken to be interested in those shares for the purposes of the SFO.

附註：

- (1) 「L」代表該名人士於該等股份中擁有的好倉。
- (2) 蔡衍明先生為HKHL之控股股東，故被認為或當作於6,350,063,100股股份（佔本公司已發行股本總數約47.9152%）中擁有權益。就證券及期貨條例而言，該等股份由HKHL實益擁有。合共400,000,000股股份（佔本公司已發行股本總數約3.0182%）由蔡先生之未滿18歲子女實益擁有，故蔡先生被視為或當作根據證券及期貨條例於該等股份中擁有權益。



# Report of the Directors

## 董事會報告

### DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" below, no contracts of significance, in relation to our Group's business to which our Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

### CONNECTED TRANSACTIONS

During the year ended December 31, 2007, the Group had the following non-exempt continuing connected transactions under the Listing Rules:

#### (1) Framework property lease agreement

We have entered into a framework property lease agreement with San Want dated November 20, 2007 (the "Framework Property Lease Agreement"). Under the Framework Property Lease Agreement, San Want will lease certain properties with a total area of approximately 20,000 square meters to the Group. The properties leased under the Framework Property Lease Agreement will be used as our offices in Shanghai. The term of each lease granted under the framework property lease agreement is valid from January 1, 2008 to December 31, 2009.

Under the Framework Property Lease Agreement, we also have a right to terminate the lease term of any premises at any time prior to its expiry at our discretion. As such, we enjoy the flexibility to relocate to another site or premise at any time should we consider any property leased under the Framework Property Lease Agreement no longer suitable for our use or no longer cost-competitive.

### 董事於重大合約中之權益

除下文「關連交易」一節所披露者外，本公司或其任何附屬公司於本年內或本年內任何時間，並無訂立任何本公司董事直接或間接佔有重大利益的任何與本公司業有關的重大合約。

### 董事於競爭業務之權益

董事及彼等各自之聯繫人（定義見上市規則）概無擁有與本集團構成或可能構成競爭之任何業務之權益。

### 關連交易

截至2007年12月31日止年度，本集團進行下列根據上市規則之不獲豁免持續關連交易：

#### (1) 框架物業租賃協議

我們與神旺訂立日期為2007年11月20日的框架物業租賃協議（「框架租賃協議」）。根據框架物業租賃協議，神旺將向我們出租總面積約2萬平方米的若干物業。根據框架物業租賃協議而租賃的物業將用作我們於上海的總部。框架物業租賃協議下每項所授租賃的年期由2008年1月1日至2009年12月31日為止。

根據框架物業租賃協議，我們亦有權決定於到期前隨時終止任何物業的租賃年期。由此，倘我們認為框架物業租賃協議下所租用的任何物業不再適合我們使用或不再具成本競爭力，我們具有隨時遷往另一處地點的靈活性。



## CONNECTED TRANSACTIONS (continued)

### (1) Framework property lease agreement (continued)

The Framework Property Lease Agreement is renewable at the option of our Company. The renewal of the term of the Framework Property Lease Agreement shall comply with the rules applicable to connected transactions under the Listing Rules.

The Framework Property Lease Agreement is entered into on normal commercial terms. The rent payable under the Framework Property Lease Agreement is to be reviewed every three years, taking into account market conditions but should not be higher than the rent applicable to a third-party tenant at the relevant time.

The Framework Property Lease Agreement will constitute a continuing connected transaction subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The total rental payable by the Group pursuant to the Framework Property Lease Agreement for the year ended December 31, 2007 was nil, as the lease of properties pursuant to the Framework Property Lease Agreement did not commence until January 1, 2008.

### (2) Sale of goods to Four Seas Mercantile Limited

Four Seas Mercantile Limited, ("Four Seas"), is a substantial shareholder of our subsidiary, Want-Want Four Seas Co., Ltd. As a result, Four Seas is our connected person under the Listing Rules. Four Seas is a company involved in food material supply, food manufacturing, food trading and distribution, cafes and restaurants and investment holdings. Four Seas acts as a sales agent for certain of our products, pursuant to which we sell food and beverage products produced by us to Four Seas at wholesale market prices on normal commercial terms.

## 關連交易 (續)

### (1) 框架物業租賃協議 (續)

框架物業租賃協議可由本公司選擇續期與否。框架物業租賃協議年期的延續，須遵照上市規則下適用於關連交易的規則。

框架物業租賃協議乃按正常商業條款訂立。根據框架物業租賃協議應付的租金，將每三年考慮市況而進行檢討，但不應高於有關時間適用於第三方租戶的租金。

根據上市規則第14A章，框架物業租賃協議將構成持續關連交易，須遵守申報及公佈規定，但獲豁免遵守獨立股東批准規定。

由於框架物業租賃協議於2008年1月1日才開始，故根據截至2007年12月31日止年度之框架物業租賃協議，我們應付之租金總額為零。

### (2) 向四洲貿易有限公司銷售貨物

四洲貿易有限公司(「四洲」)為我們的附屬公司香港旺旺四洲有限公司的主要股東，故根據上市規則，四洲為我們的關連人士。四洲的業務包括供應食物原料、生產食品、食品貿易及分銷、經營茶座及餐廳以及投資控股。四洲為我們若干產品擔任為銷售代理，據此我們按正常商業條款以批發市價向四洲出售我們所生產的食品和飲料產品。



# Report of the Directors

## 董事會報告

### CONNECTED TRANSACTIONS (continued)

#### (2) Sale of goods to Four Seas Mercantile Limited (continued)

For the year ended December 31, 2007, the aggregate amount of sales to Four Seas was US\$3.38 million.

We have entered into a sales distribution agreement with Four Seas dated January 1, 2008 (the "Sales Distribution Agreement"), for a term valid from the date of signing to December 31, 2009, pursuant to which we continue to sell products to Four Seas at wholesale market prices.

The Sales Distribution Agreement constitutes a continuing connected transaction subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### Waiver

We have applied to the HK Stock Exchange, and the HK Stock Exchange has granted to our Company a waiver from strict compliance with the announcement requirement relating to the above non-exempt continuing connected transactions under the Listing Rules. In addition, we are required to comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

### 關連交易 (續)

#### (2) 向四洲貿易有限公司銷售貨物 (續)

截至2007年12月31日止年度，向四洲進行銷售的總金額為338萬美元。

我們已與四洲訂立日期為2008年1月1日銷售分銷協議(「銷售分銷協議」)，由簽訂日期起至2009年12月31日為止。據此我們繼續以批發市價向四洲銷售產品。

根據上市規則第14A章，銷售分銷協議構成持續關連交易，須遵守申報及公布規定，但獲豁免遵守獨立股東批准規定。

#### 豁免

我們已向香港聯交所申請並獲得香港聯交所授出的嚴格遵守有關上市規則下持續關連交易的公佈規定的豁免。此外，我們將遵守上市規則第14A.35(1)、14A.35(2)、14A.36、14A.37、14A.38、14A.39及14A.40條的適用規定。



## CONNECTED TRANSACTIONS (continued)

### Confirmation of independent non-executive Directors

Our independent non-executive Directors have reviewed the continuing connected transactions of our Group and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with paragraph 14A.38 of the Listing Rules, the Board has engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board the factual findings on the selected samples based on the procedures agreed.

## 關連交易 (續)

### 獨立非執行董事之確認

我們的獨立非執行董事已審閱本集團之持續關連交易，並確認該等交易均按下列方式進行：

- (1) 於本公司正常業務過程中訂立；
- (2) 按一般商業條款訂立，或按不遜於獨立第三方可獲或開出之條款(視乎情況而定)訂立；及
- (3) 根據有關協議按公平合理及符合股東整體利益之條款訂立。

根據上市規則第14A.38條，董事會已委聘本公司核數師按照香港會計師公會發出的香港相關服務準則4400「就財務資料執行協定程序的聘用協定」，以抽樣方式對上述持續關連交易執行若干事實查明程序。核數師已向董事會報告其對選擇的樣本根據協定程序進行的事實結果。



# Report of the Directors

## 董事會報告

### SHARE OPTIONS

Our Company has adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") on February 4, 2008.

#### Pre-IPO Share Option Scheme

Options to subscribe for an aggregate of 50,362,400 shares were granted to 1,637 participants by our Company at a consideration of HK\$1.00 under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on February 4, 2008. Details of the grantees under the Pre-IPO Share Option Scheme are as follows:

### 購股權

本公司於2008年2月4日已採納一項首次公開發售前購股權計劃（「首次公開發售前購股權計劃」）及一項購股權計劃（「購股權計劃」）。

#### 首次公開發售前購股權計劃

本公司根據首次公開發售前購股權計劃於2008年2月4日按1.00港元的代價向1,637名參與者授出可認購合共50,362,400股股份之購股權。首次公開發售前購股權計劃項下之承授人詳情如下：

Name of grantee	Position	Number of outstanding options under Pre-IPO Share Option Scheme
承授人姓名	職位	首次公開發售前購股權計劃項下未獲行使購股權數目
<b>Directors</b>		
<b>董事</b>		
Liao Ching-Tsun	Executive Director	90,200
廖清圳	執行董事	
Chu Chi-Wen	Executive Director	71,200
朱紀文	執行董事	
Lin Feng-I	Non-executive Director	84,800
林鳳儀	非執行董事	
Cheng Wen-Hsien	Non-executive Director	76,600
鄭文憲	非執行董事	
	Sub-total:	322,800
	小計	



**SHARE OPTIONS** (continued)**購股權** (續)**Pre-IPO Share Option Scheme** (continued)

## 首次公開發售前購股權計劃 (續)

Name of grantee	Position	Number of outstanding options under Pre-IPO Share Option Scheme
承授人姓名	職位	首次公開發售前購股權計劃項下未獲行使購股權數目
<b>Senior Management</b>		
<b>高級管理層</b>		
Lu Chih-Li 呂熾煜	General manager of snacks division 休閒食品事業部總經理	90,200
Huang Yung-Sung 黃永松	Managing director of operations department 營運總處總處長	90,200
Lin Chen-Shih 林鎮世	Managing director of manufacturing department 生產總處總處長	84,800
Hsieh Shun-Tang 謝順堂	General manager of confectionery division 糖果事業部總經理	84,800
Cui Yu-Man 崔玉滿	General manager of sales channel division 通路發展事業部總經理	84,800
Lee Yu-Sheng 李玉生	Managing director of investment department 投資總處總處長	90,200
Lee Ming-Chun 李鳴春	Managing director of administration department 管理總處總處長	84,800
Mei Philip Hong Tao 梅鴻道	General manager of international sales division 國際事業總處總處長	84,800
Su Hong-Chieh 蘇宏杰	Director of logistics and warehousing division 儲運處處長	63,000
	Sub-total: 小計	757,600
<b>Other 1,624 employees of the Group:</b> <b>1,624名本集團其他僱員：</b>		49,282,000
<b>TOTAL:</b> <b>總計：</b>		50,362,400





# Report of the Directors

## 董事會報告

### SHARE OPTIONS (continued)

#### Pre-IPO Share Option Scheme (continued)

The purpose of the Pre-IPO Share Option Scheme is to provide the Company with a means of incentivising and retaining employees, and to encourage employees to work towards enhancing the value of the Company and promote the long-term growth of the Company. This scheme will link the value of the Company with the interests of participants, enabling participants and the Company to develop together and promote the Company's corporate culture.

The exercise price per share under the Pre-IPO Share Option Scheme is HK\$3.00 per share, being the offer price under our global offering.

Each option has a 4-year exercise period with 25% vesting on each of March 26, 2009, 2010, 2011 and 2012.

The options issued under the Pre-IPO Share Option Scheme represent approximately 0.38% of the total issued share capital of our Company as at the date of the Listing. If all options are exercised, this would have a dilutive effect on our shareholders of approximately 0.38% and a dilutive effect of approximately 0.38% on earnings per share. However, as the options are exercisable from the first to fifth anniversary of the date of the Listing, any such dilution and impact on earnings per share will be staggered over several years.

Save for the options which have been granted as described above, no further options have been or will be granted under the Pre-IPO Share Option Scheme.

Subject to the above, the material terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Share Option Scheme.

### 購股權 (續)

#### 首次公開發售前購股權計劃 (續)

首次公開發售前購股權計劃旨在給予本公司一個途徑獎勵和挽留僱員，以及鼓勵僱員為提升本公司的價值而工作和推動本公司長遠發展。此計劃將本公司的價值與參與者的利益連繫起來，讓參與者及本公司共同建立和推動本公司的企業文化。

首次公開發售前購股權計劃的每股行使價為3.00港元（即全球發售項下之發售價）。

每份購股權的行使期為4年，於2009年、2010年、2011年及2012年3月26日各有25%之歸屬。

首次公開發售前購股權計劃授出之購股權佔我們於上市日已發行股本約0.38%。倘所有購股權獲行使，將會對我們的股東及每股盈利分別有約0.38%及約0.38%的攤薄影響。然而，由於購股權可於自上市日期起1年至5年期間內行使，任何對每股盈利的攤薄及影響將會延及數年。

除已授出上述購股權外，概無進一步授出或將會授出根據首次公開發售前購股權計劃之購股權。

綜上所述，首次公開發售前購股權計劃的實質條款與購股權計劃條款是一致的。



## SHARE OPTIONS (continued)

### Share Option Scheme

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to provide the Company with a means of incentivising and retaining employees, and to encourage employees to work towards enhancing the value of the Company and promote the long-term growth of the Company. This Scheme will link the value of the Company with the interests of participants, enabling participants and the Company to develop together and promoting the Company's corporate culture.

The Directors may, at their discretion, invite any Directors, employees and officers of any member of our Group and any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners and service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group to participate in the Share Option Scheme.

Initially the maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate of the shares in issue. The total number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time.

## 購股權 (續)

### 購股權計劃

購股權計劃的條款符合上市規則第17章的條文。

購股權計劃旨在給予本公司一個途徑獎勵和保留僱員，以及鼓勵僱員為提升本公司的價值而工作和推動本公司長遠發展。此計劃將本公司的價值與參與者的利益連繫起來，讓參與者及本公司共同建立和推動本公司的企業文化。

董事可全權酌情邀請董事會自行認為對本集團已作出或將會作出貢獻的本集團任何成員公司的任何董事、僱員及高級職員及本集團任何成員公司的任何顧問、諮詢顧問、經銷商、承包商、合約製造商、代理人、客戶、業務夥伴、合營企業業務夥伴及服務供應商參與購股權計劃。

根據購股權計劃或本公司採納(上市規則第17章的條文適用)的任何其他購股權計劃授出的所有購股權獲行使時可發行的股份總數，初步不得超過於上市日期已發行股份總數的10%。根據購股權計劃或本公司採納(上市規則第17章的條文適用)的任何其他購股權計劃授出而尚未行使的所有購股權獲行使時可發行的股份總數，不得超過已發行股份總數的30%。



# Report of the Directors

## 董事會報告

### SHARE OPTIONS (continued)

#### Share Option Scheme (continued)

Unless approved by shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) under the Share Option Scheme or any other share option scheme adopted by our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) in any 12 month period must not exceed 1% of the shares in issue.

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The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the Share Options expire no later than 10 years from the relevant date of grant.

At the time of the grant of the options, our Company may specify any performance target(s) which must be achieved before the options can be exercised. The Share Option Scheme does not contain any performance targets.

The amount payable by a grantee on acceptance of a grant of options is HK\$1.00.

The subscription price for the shares of the Company the subject of the options shall be no less than the higher of (i) the closing price of the shares as stated in the daily quotation sheet issued by the HK Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the HK Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

The Share Option Scheme will expire on February 4, 2018.

No options had been granted under the Share Option Scheme as at December 31, 2007, or as at the date of this Annual Report.

### 購股權 (續)

#### 購股權計劃 (續)

除非獲股東批准，在任何12個月期間根據購股權計劃或本公司採納(上市規則第17章的條文適用)的任何其他購股權計劃授予每名參與者的購股權(包括已行使、已註銷及尚未行使的購股權)獲行使時已發行及將發行的股份總數，不得超過已發行股份的1%。

本公司可於授出日期列明歸屬期、行使期及歸屬條件，而購股權自相關授出日期10年內終止。

於授出購股權時，本公司可列明於行使購股權前必須達到的任何表現目標。購股權計劃並無載有任何表現目標。

承授人接納購股權的授出時須支付1.00港元。

購股權下的股份認購價格不得低於以下三者的較高者(i)股份於授出日期在香港聯交所發出的每日報表所報的收市價；(ii)股份於緊接授出日期前五個聯交所營業日在香港聯交所發出的每日報表所報的平均收市價；及(iii)股份於授出日期的面值。

購股權計劃將於2018年2月4日結束。

於2007年12月31日或於本年報刊發日期，概無購股權授出。

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the shares of our Company.

## **MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS**

Details of compliance by the Group with the "Code of Corporate Governance Practices" contained in Appendix 14 of the Listing Rules are set out in the Corporate Governance Report on pages 33 to 46 of this Annual Report.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands where the company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules since the shares of the Company are listed on the HK Stock Exchange and up to the date of this Annual Report.

## **SUBSEQUENT EVENTS**

Details of the significant subsequent events occurred after the balance sheet date are set out in note 43 to the consolidated financial statements.

## **購買、出售或贖回本公司之上市證券**

於年內，本公司概無贖回任何股份。而本公司或其任何附屬公司概無購買或出售任何本公司股份。

## **董事進行證券交易之標準守則**

本集團遵守上市規則附錄14有關「企業管治常規守則」之詳情，載於本年報第33至46頁之「企業管治報告」中。

## **優先認購權**

本公司之章程或本公司註冊成立地點開曼群島之法律並無關於優先購買權的規定，致令本公司必須首先按比例向現有股東發售新股份。

## **足夠公眾持股量**

根據本公司所獲取的公開資料以及就董事所悉，本公司自其股份於香港聯交所上市至本年報刊發日期期間一直維持上市規則所規定之公眾持股量。

## **結算日後事項**

結算日後進行之重大事項詳情載於綜合財務報表附註43。



# Report of the Directors

## 董事會報告

### AUDITOR

The financial statements for the year ended December 31, 2007 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year will be proposed at the Annual General Meeting.

On behalf of the Board

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**Tsai Eng-Meng**

*Chairman and Chief Executive Officer*

Hong Kong, April 16, 2008

### 核數師

羅兵咸永道會計師事務所已審核截至2007年12月31日止年度之財務報表。於應屆股東週年大會將提出在下一年度續聘羅兵咸永道會計師事務所為本公司核數師的決議案。

承董事會命

**蔡衍明**

*主席兼行政總裁*

香港，2008年4月16日

# Independent Auditor's Report



羅兵咸永道會計師事務所

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WANT WANT CHINA HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Want Want China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 79 to 176 which comprise the consolidated and company balance sheets as at December 31, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

# Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, April 16, 2008

# Consolidated Balance Sheet

	Note	As at December 31,	
		2007 US\$'000	2006 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	450,828	521,924
Leasehold land and land use rights	7	39,425	74,563
Investment properties	8	3,128	26,347
Intangible assets	9	1,463	7,947
Associated companies	11	1,158	239
Deferred income tax assets	27	692	648
Available-for-sale financial assets	13	652	652
		<b>497,346</b>	632,320
<b>Current assets</b>			
Inventories	14	204,243	170,904
Properties under development for sale	15	23,373	110,253
Non-current assets held for sale	16	6,244	—
Trade receivables	17	67,232	54,974
Prepayments, deposits and other receivables	18	65,826	55,634
Financial assets at fair value through profit or loss	19	680	1,087
Cash and cash equivalents	20	270,466	185,114
		<b>638,064</b>	577,966
<b>Total assets</b>		<b>1,135,410</b>	1,210,286
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	21	257,103	257,103
Other reserves	22	433,883	494,514
		<b>690,986</b>	751,617
<b>Minority interests in equity</b>		<b>4,533</b>	7,049
<b>Total equity</b>		<b>695,519</b>	758,666



# Consolidated Balance Sheet

	Note	As at December 31,	
		2007	2006
		US\$'000	US\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	26	<b>168,000</b>	56,433
Deferred income tax liabilities	27	—	7,696
		<b>168,000</b>	64,129
<b>Current liabilities</b>			
Trade payables	24	<b>79,033</b>	94,044
Accruals and other payables	25	<b>166,328</b>	101,526
Current income tax liabilities		<b>11,251</b>	2,536
Borrowings	26	<b>15,279</b>	189,385
		<b>271,891</b>	387,491
<b>Total liabilities</b>		<b>439,891</b>	451,620
<b>Total equity and liabilities</b>		<b>1,135,410</b>	1,210,286
<b>Net current assets</b>		<b>366,173</b>	190,475
<b>Total assets less current liabilities</b>		<b>863,519</b>	822,795

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**Tsai Shao Chung**

Director

**Chu Chi Wen**

Director

The notes on pages 87 to 176 are an integral part of these consolidated financial statements.

# Balance Sheet

	Note	As at December 31, 2007 US\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	10	877,190
<b>Total assets</b>		<b>877,190</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	21	257,103
Other reserves	22	619,986
<b>Total equity</b>		<b>877,089</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	25	101
<b>Total liabilities</b>		<b>101</b>
<b>Total equity and liabilities</b>		<b>877,190</b>
<b>Net current liabilities</b>		<b>(101)</b>
<b>Total assets less current liabilities</b>		<b>877,089</b>

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**Tsai Shao Chung**

Director

**Chu Chi Wen**

Director

The notes on pages 87 to 176 are an integral part of these consolidated financial statements.

# Consolidated Income Statement

	Note	Year ended December 31,	
		2007 US\$'000	2006 US\$'000
<b>Core Operations:</b>			
Sales	5	1,094,540	849,948
Cost of sales	30	(658,074)	(529,349)
<b>Gross profit</b>		<b>436,466</b>	320,599
Other gains — net	28	6,221	1,006
Other income	29	23,383	29,806
Selling and distribution expenses	30	(131,930)	(105,315)
Administrative expenses	30	(106,506)	(85,854)
<b>Operating profit</b>		<b>227,634</b>	160,242
Finance income	33	2,922	1,701
Finance costs	33	(4,555)	(4,965)
Finance costs — net	33	(1,633)	(3,264)
Share of results of associated companies	11	(330)	(159)
<b>Profit before income tax</b>		<b>225,671</b>	156,819
Income tax expense	34	(23,753)	(16,292)
<b>Profit for the year from Core Operations</b>		<b>201,918</b>	140,527
<b>Discontinued Non-core Operations:</b>			
Loss for the year from Discontinued Non-core Operations	39	(25,790)	(16,879)
<b>Profit for the year</b>		<b>176,128</b>	123,648
<b>Attributable to:</b>			
Equity holders of the Company		176,748	126,826
Minority interests		(620)	(3,178)
		<b>176,128</b>	123,648

	Note	Year ended December 31,	
		2007	2006
		US\$'000	US\$'000
<b>Earnings per share for profit from Core Operations attributable to the equity holders of the Company for the year</b>			
— basic	36	<b>US1.57 cents</b>	US1.10 cents
<b>Loss per share for loss from Discontinued Non-core Operations attributable to the equity holders of the Company for the year</b>			
— basic	36	<b>(US0.19 cents)</b>	(US0.11 cents)
<b>Dividends</b>	37	<b>387,017</b>	25,775

The notes on pages 87 to 176 are an integral part of those consolidated financial statements.

# Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the Company								
		Share capital	Share premium account	Capital reserves	Currency realignment reserve	Statutory reserves	Retained earnings	Total	Minority interests	Total equity
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>As at January 1, 2006</b>	21, 22	257,103	620,087	(668,006)	7,588	32,998	376,881	626,651	8,741	635,392
Profit for the year		–	–	–	–	–	126,826	126,826	(3,178)	123,648
Currency translation differences		–	–	–	24,044	–	–	24,044	306	24,350
Purchase of shares from the then shareholders	22(b)	–	–	(127)	–	–	–	(127)	–	(127)
Dividends paid to the then shareholders		–	–	–	–	–	(25,777)	(25,777)	(105)	(25,882)
Reversal of dividend		–	–	–	–	–	–	–	309	309
Appropriation to statutory reserves	22(c)	–	–	–	–	7,507	(7,507)	–	–	–
Changes in shareholding in minority interests of subsidiaries		–	–	–	–	–	–	–	976	976
<b>As at December 31, 2006</b>		257,103	620,087	(668,133)	31,632	40,505	470,423	751,617	7,049	758,666
<b>As at January 1, 2007</b>		257,103	620,087	(668,133)	31,632	40,505	470,423	751,617	7,049	758,666
Profit for the year		–	–	–	–	–	176,748	176,748	(620)	176,128
Currency translation differences		–	–	–	57,126	–	–	57,126	290	57,416
Purchase of shares from the then shareholders	22(b)	–	–	(2,426)	–	–	–	(2,426)	–	(2,426)
Dividends paid to the then shareholders	37	–	–	–	–	–	(25,775)	(25,775)	(111)	(25,886)
Dividends paid to subsidiaries' minorities		–	–	–	–	–	–	–	(1,495)	(1,495)
Dividends paid through the divestment of Discontinued Non-core Operations	37,39	–	–	(294,678)	(28,221)	(1,150)	57,745	(266,304)	(557)	(266,861)
Appropriation to statutory reserves	22(c)	–	–	–	–	13,333	(13,333)	–	–	–
Changes in shareholding in minority interests of subsidiaries		–	–	–	–	–	–	–	(23)	(23)
<b>As at December 31, 2007</b>		257,103	620,087	(965,237)	60,537	52,688	665,808	690,986	4,533	695,519

The notes on pages 87 to 176 are an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement

	Note	Year ended December 31,	
		2007 US\$'000	2006 US\$'000
<b>Cash flows from Core Operations:</b>			
<b>Cash flows from operating activities</b>			
Cash generated from operations	38	355,523	148,311
Interest received		2,922	1,701
Interest paid		(4,555)	(4,965)
Income tax paid		(15,023)	(16,271)
Net cash generated from operating activities		338,867	128,776
<b>Cash flows from investing activities</b>			
Additions of property, plant and equipment	6	(80,487)	(111,303)
Additions of leasehold land and land use rights	7	(6,968)	(6,708)
Additions of investment properties	8	(299)	—
Additions of intangible assets	9	(130)	(257)
New investment in an associated company	11	(1,250)	—
Proceeds from disposal of leasehold land and land use rights	38	1,741	770
Proceeds from disposal of property, plant and equipment	38	6,020	1,027
Acquisition of financial assets at fair value through profit or loss		—	(303)
Proceeds from disposal of financial assets at fair value through profit or loss		482	386
Investments in Discontinued Non-core Operations		(110,871)	(30,572)
Divestment of Discontinued Non-core Operations	39	(57,206)	—
Net cash used in investing activities		(248,968)	(146,960)
<b>Cash flows from financing activities</b>			
Purchase of shares from then shareholders	22	(2,426)	(127)
Proceeds from borrowings		234,160	188,786
Repayments of borrowings		(249,542)	(122,793)
Cash (paid)/generated in relation to changes in shareholding in minority interests of subsidiaries		(23)	976
Dividends paid to the then shareholders of the Group		(25,775)	(25,777)
Dividends paid to minority shareholders		(1,606)	(105)
Net cash (used in)/generated from financing activities		(45,212)	40,960

# Consolidated Cash Flow Statement

	Note	Year ended December 31,	
		2007 US\$'000	2006 US\$'000
<b>Cash flows from Discontinued Non-core Operations:</b>			
Net cash (used in)/generated from operating activities of Discontinued Non-core Operations		<b>(100,151)</b>	20,968
Net cash used in investing activities of Discontinued Non-core Operations		<b>(86,300)</b>	(64,148)
Net cash generated from financing activities of Discontinued Non-core Operations		<b>216,067</b>	37,003
Net cash generated from/(used in) Discontinued Non-core Operations		<b>29,616</b>	(6,177)
Net effect of exchange rate changes in consolidating subsidiaries		<b>11,049</b>	5,081
<b>Net increase in cash and cash equivalents</b>		<b>85,352</b>	21,680
Cash and cash equivalents at beginning of year	20	<b>185,114</b>	163,434
<b>Cash and cash equivalents at end of the year</b>	20	<b>270,466</b>	185,114

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The notes on pages 87 to 176 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1. GENERAL INFORMATION OF THE GROUP AND REORGANISATION

### (a) General information of the Group

Want Want China Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the manufacturing and distribution of food and beverages (the “Core Operations”). The Group’s activities are primarily conducted in the People’s Republic of China (the “PRC”), Taiwan and Singapore, and its products are also sold to Hong Kong, South-East Asia Countries, the United States and Europe.

The Company was incorporated in the Cayman Islands on October 3, 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is M&C Corporate Services Limited, P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The Company completed its global initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on March 26, 2008 (the “Listing”).

These consolidated financial statements are presented in units of United States dollars (US\$), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on April 16, 2008.

### (b) Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below, the Group’s business was carried out by Want Want Holdings Ltd (“WWHL”) and its then subsidiaries (collectively the “WWHL Group”). The WWHL Group included the companies now comprising the Group engaging in the Core Operations as set out in Note 44, and other companies principally engaged in other businesses including the operation of hospital, hotel, property businesses and other investments that were not related to the Core Operations (the “Discontinued Non-core Operations”). WWHL was previously listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Pursuant to a privatisation which was completed in September 2007, WWHL was delisted from the SGX-ST on September 11, 2007.

As part of a group reorganisation, the Company acquired 99.87% equity interests in the WWHL Group from the then shareholders of WWHL by way of share swap and became the holding company of the WWHL Group in October 2007.

In preparation for the Listing, further reorganisation was carried out to divest the companies engaged in the Discontinued Non-core Operations to the shareholders of the Company and the 0.13% minority shareholders of WWHL by way of distribution of dividend in specie. Please refer to Note 39 below for the details of the divestment.



# Notes to the Consolidated Financial Statements

## 1. GENERAL INFORMATION OF THE GROUP AND REORGANISATION (continued)

### (b) Reorganisation (continued)

Subsequent to the completion of the above reorganisation steps (collectively the “Reorganisation”), the Group is now engaged in the Core Operations only. The Company’s direct and indirect interests in its subsidiaries as at December 31, 2007 are set out in Note 44.

The Reorganisation involved companies under common control. Accordingly, these consolidated financial statements have been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements of the Group present the combined financial positions, results and cashflows of the companies of the Group engaging in Core Operations as well as the Discontinued Non-Core Operations as if the group structure had been in existence throughout the years presented in these financial statements or since the respective dates of incorporation or establishment or acquisition, whichever is the shorter period, or up to the dates of winding up, liquidation or disposal. The financial statements of the companies in the Discontinued Non-Core Operations have been included in these financial statements up to the date of the effective divestment on December 31, 2007 by way of distribution of dividend in specie (Note 39), as they formed an integral part of the business of the Group prior to the divestment.

The accounting adjustments under common control combination are set out in Note 23.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

#### (a) *Standards, amendment and interpretations to existing standards that are effective for 2007*

Relevant to the Group's operations:

- HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements — Capital disclosures', introduce new disclosures relating to financial instruments (Note 3) and do not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.
- HK(IFRIC) — Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.
- HK(IFRIC) — Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

Not relevant to the Group's operations:

- HK(IFRIC) — Int 7, 'Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies'.
- HK(IFRIC) — Int 9, 'Re-assessment of embedded derivatives'.

# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

#### (b) *Standards, amendments and interpretations to existing standards that are not yet effective for 2007 and have not been early adopted by the Group*

Relevant to the Group's operations:

- HKAS 23 Amendment, 'Borrowing costs' (effective from January 1, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. It is not expected to have a material impact on the Group's financial statements as the Group has already chosen the allowed alternative treatment to capitalise borrowing cost attributable to qualifying assets under the original HKAS 23.
- HKFRS 8, 'Operating segments' (effective from January 1, 2009). This standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker. The amount reported for each operating segment should be the measure reported to the decision maker for the purpose of allocating resources to the segment and assessing its performance. It also requires the disclosure of information about an entity's products and services, the geographic areas in which it operates, and its major customers. It is not expected to have a material impact on the Group's financial statements as the present operating segments have been identified on the basis of internal reports reviewed by the decision maker.
- HK(IFRIC)-Interpretation 11, 'HKFRS 2 — Group and treasury share transactions' (effective from March 1, 2007). This standard provides guidance on how to account for share-based payment arrangements to an entity's employees involving equity instruments of its parent company. If the equity instruments are granted by its parent company and accounted for as equity-settled in its parent's consolidated financial statements, the entity should account for the share-based payment arrangements as equity-settled. If the equity instruments are granted by the entity, the entity should account for the share-based payment arrangements as cash-settled. The Group is assessing the impact of this accounting standard and it is not expected to have a material impact to the Group's financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

#### (b) *Standards, amendments and interpretations to existing standards that are not yet effective for 2007 and have not been early adopted by the Group* (continued)

- HK(IFRIC)-Interpretation 13, 'Customer loyalty programmes' (effective from July 1, 2008). This standard addresses accounting by entities that grant loyalty award credits (such as 'points' or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. The Group is assessing the impact of this accounting standard and it is not expected to have a material impact to the Group's financial statements.
- HK(IFRIC)-Interpretation 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from January 1, 2008). HK(IFRIC) — Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. It is not expected to have a material impact to the Group's financial statements.

Not relevant to the Group's operations:

- HKAS 32 and HKAS 1 Amendments, 'Puttable financial instruments and obligations arising on liquidation' (effective from January 1, 2009). The amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The Group will apply HKAS 32 and HKAS 1 Amendments from January 1, 2009, but it is not relevant to the Group's operations.
- HK(IFRIC)-Interpretation 12, 'Service concession arrangements', (effective from January 1, 2008). This standard provides guidance on the accounting by operators for public-to-private services concession agreements. This standard is not relevant to the Group's operations.

# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognized in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

All intra-group transactions, balances and unrealized gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred.

### 2.3 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to December 31.

#### (a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Consolidation (continued)

#### (a) *Subsidiaries* (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except for common control combination as described under Note 2.2 above. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (Note 2.9).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.10). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

#### (b) *Transactions and minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Consolidation (continued)

#### (c) *Associated companies*

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition (Note 2.9).

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in associated companies are recognised in the consolidated income statement.

### 2.4 Segment reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Foreign currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is United States dollars ("US\$") and majority of its subsidiaries have Renminbi ("RMB") as their functional currency. The consolidated financial statements are presented in US\$, which is the Company's functional and presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.



# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Foreign currency translation (continued)

#### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 2.6 Property, plant and equipment

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

Freehold land is stated at cost less accumulated impairment losses, if any. Cost represents consideration paid for the purchase of the land. Freehold land is not subject to depreciation.

Buildings comprise factory plants, warehouses and hotel properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Property, plant and equipment (continued)

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

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

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

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

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

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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

### 2.7 Leasehold land and land use rights

Leasehold land and land use rights are stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods from 20 to 70 years. Amortisation of leasehold land and land use rights is calculated on a straight-line basis over the period of the leases.

# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Freehold investment properties and the building component of leasehold investment properties are stated at cost less accumulated depreciation and accumulated impairment loss (if any). The land component of leasehold investment properties is accounted for as leasehold land and classified in leasehold land and land use rights.

Depreciation of investment properties is calculated using the straight-line method to allocate cost less impairment loss (if any) to their residual value over their estimated useful lives of 10 to 40 years.

### 2.9 Intangible assets

#### (a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associated companies at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associated companies and is tested annually for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

#### (b) Trademarks

Acquired trademarks are shown at historical cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Impairment of investments in subsidiaries, associates and non-financial Assets

Assets that have an indefinite useful life or are not yet available for use are not subject to depreciation/amortisation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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### 2.11 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as trade receivables, other receivables and prepayments in the balance sheet (Note 2.15).

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 Financial assets (continued)

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains — net', in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of 'other income' when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'other gains/(losses) — net'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **2.11 Financial assets** (continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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### **2.12 Inventories**

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

### **2.13 Property under development for sale**

Properties under development for sale are stated at cost less any accumulated impairment losses. The costs of properties under development for sale consist of construction expenditures and borrowing costs directly attributable to the construction of such properties and other direct costs. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and distribution costs.

### **2.14 Non-current assets or disposal groups held for sale**

Non-current assets or disposal groups are classified as assets for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.15 Trade and other receivables

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

### 2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

### 2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.18 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

### 2.21 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.



# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.22 Employee benefits

#### (a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (b) *Pension obligations (defined contribution plan)*

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions made by the Group are recognised as employee benefit expense when they are due.

The Group participates in various defined contribution plans administered by the relevant authorities or third parties, where appropriate, in the PRC, Hong Kong, Singapore and Taiwan for its employees. The Group is required to pay monthly contributions to these plans at certain percentages at relevant portion of the payroll of these employees to the pension plans to fund the benefits. The relevant authorities undertake to assume the retirement benefit obligation payable to these existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

#### (c) *Bonus plan*

The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### 2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.23 Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.24 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**(a) Sales of goods**

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

**(b) Revenue from hotel operations**

Hotel room revenue is recognised based on room occupancy while other hotel revenue are recognised when the goods are delivered or when the services are rendered to the customers.

**(c) Service revenue from hospital**

Service revenue from hospital is recognised upon provision of hospital services.

**(d) Rental income**

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

# Notes to the Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 Revenue recognition (continued)

#### (e) *Interest income*

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

#### (f) *Dividend income*

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

### 2.25 Government grants

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

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

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

### 2.26 Operation leases

#### (a) *The Group is the lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

Leasehold land and land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods from 20 to 70 years. Amortisation of leasehold land and land use rights is calculated on a straight-line basis over the period of the leases.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.26 Operation leases (continued)

#### (b) *The Group is the lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 2.27 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the Group's consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

### 2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the directors or shareholders of the Company, where appropriate.

# Notes to the Consolidated Financial Statements

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Market risk

##### (i) Foreign exchange risk

The Company's functional currency is US\$ and majority of its subsidiaries' functional currency is Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions of sales in mainland China and certain purchases from overseas, and the recognised assets or liabilities, such as available for sale financial assets which are denominated in Taiwan dollar (Note 13), the cash and cash equivalent which are denominated in US\$ and other currencies (Note 20) and bank borrowings which are denominated in US\$ and other currencies (Note 26), and net investments in foreign operation. The Group has not hedged its foreign exchange rate risk because the exposure, after netting off the assets and liabilities subject to foreign exchange risk is not significant.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

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

	2007 US\$'000	2006 US\$'000
Post-tax profit increase/(decrease)		
– Strengthened 10%	(90)	(9,818)
– Weakened 10%	90	9,818
Owners' equity increase/(decrease)		
– Strengthened 10%	(11,726)	(13,453)
– Weakened 10%	11,726	13,453

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

###### (ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheets either as available-for-sale or at fair value through profit or loss. The Group has not hedged its price risk arising from investments in equity securities financial assets (Notes 13 and 19).

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

###### (iii) Cash flow and fair value interest rate risk

Except for bank deposits (Note 20), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The Group has not hedged its cash flow and fair value interest-rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 26.

For the years ended December 31, 2006 and 2007, if interest rates on bank borrowings had been 10% higher/lower with all other variables held constant, the post-tax profit for each year/period would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of the changes are as follows:

	2007 US\$'000	2006 US\$'000
Post-tax profit increase/(decrease)		
— Higher 10%	<b>(1,413)</b>	(1,109)
— Lower 10%	<b>1,413</b>	1,109

# Notes to the Consolidated Financial Statements

## 3. FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of bank deposits, cash and cash equivalents, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at December 31, 2006 and 2007, all bank deposits and cash and cash equivalents were deposited in the high quality financial institutions without significant credit risk. The table below shows the bank deposit balances of the five major counterparties as at December 31, 2006 and 2007:

		December 31, 2007	December 31, 2006
		US\$'000	US\$'000
Counterparty	Rating*		
China Merchants Bank	BBB-	58,003	48,175
First Sino Bank	Not available	32,861	7
Bank of Communication	BBB	29,470	19,572
Bank of China	A-	27,969	14,561
DBS Bank	AA-	21,180	648
		<b>169,483</b>	<b>82,963</b>

\* The source of credit rating is from S&P.

Management does not expect any losses from non-performance by these counterparties.

Most of the Group's sales are settled in cash or in check by its customers on delivery of goods. Credit sales are made only to selected customers with good credit history. The Group has policies in place to ensure that trade receivables are followed up on a timely basis.

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group. The Group also considers converting short-term borrowings into long-term borrowings to improve the Group's liquidity.

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
<b>At December 31, 2007</b>					
Borrowings	15,279	—	168,000	—	183,279
Interests payments on borrowings	9,639	9,619	1,095	—	20,353
Trade payables	79,033	—	—	—	79,033
Accruals and other payables	166,328	—	—	—	166,328
	<b>270,279</b>	<b>9,619</b>	<b>169,095</b>	<b>—</b>	<b>448,993</b>
<b>At December 31, 2006</b>					
Borrowings	189,385	11,737	3,781	40,915	245,818
Interests payments on borrowings	9,363	2,674	8,378	3,415	23,830
Trade payables	93,407	637	—	—	94,044
Accruals and other payables	101,526	—	—	—	101,526
	393,681	15,048	12,159	44,330	465,218

The interest on borrowings is calculated based on borrowings held as at December 31, 2006 and 2007 without taking account of future issues. Floating-rate interest is estimated using current interest rate as at December 31, 2006 and 2007 respectively.



# Notes to the Consolidated Financial Statements

## 3. FINANCIAL RISK MANAGEMENT (continued)

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including borrowings and trade and other payables, as shown in the consolidated balance sheets) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The Group's strategy is to maintain a gearing ratio within 20% to 50%. The gearing ratios at December 31, 2007 and 2006 were as follows:

	2007 US\$'000	2006 US\$'000
Total debts <sup>(i)</sup>	428,640	441,388
Less: Cash and cash equivalents (Note 20)	(270,466)	(185,114)
Net debt	158,174	256,274
Total equity	695,519	758,666
Total capital	853,693	1,014,940
Gearing ratio	19%	25%

(i) Total debts include borrowings, trade and other payables and accruals.

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group takes reference to professional valuations where necessary and uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying value less impairment provision for trade receivables and payables is a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Income taxes

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

# Notes to the Consolidated Financial Statements

## 5. SALES AND SEGMENTAL INFORMATION

The Group's operations are mainly organized under the following business segments:

Core Operations:

Manufacturing and sale of:

- Rice crackers, including sugar coated crackers, savoury crackers and fried crackers;
- Dairy products and beverages, including flavored milk, yogurt drinks, ready-to-drink coffee, carbonated drinks, herbal tea and milk powder;
- Snack foods, including candies, popsicles and jellies, ball cakes and beans and nuts; and
- Other products, mainly wine and other food products.

Discontinued Non-core Operations:

Hotel operations, property operations, hospital service and others comprising the operation of fast food stores and bakery.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segment as the secondary.

The sales and the financial information are set out below:

### (a) Sales

The sales of the Group derived from Core Operations for the year ended December 31, 2007 and 2006 are set out as follows:

	2007 US\$'000	2006 US\$'000
Core Operations		
Rice crackers	<b>376,283</b>	307,511
Dairy products and beverages	<b>390,230</b>	276,754
Snack foods	<b>317,806</b>	257,314
Other products	<b>10,221</b>	8,369
Total sales	<b>1,094,540</b>	849,948

## 5. SALES AND SEGMENTAL INFORMATION (continued)

### (b) Analysis by segments

#### (i) Primary reporting – business segment

The segment results for the year ended December 31, 2007 are as follows:

	Year ended December 31, 2007					Total US\$'000
	Rice crackers US\$'000	Dairy products and beverages US\$'000	Snack foods US\$'000	Other products US\$'000	Unallocated US\$'000	
	<b>Segment results</b>					
Core Operations:						
Sales	376,283	390,230	317,806	10,221	–	1,094,540
Segment profit/(loss)	60,830	101,983	78,753	(46)	(13,886)	227,634
Finance cost, net						(1,633)
Share of results of associated companies						(330)
Profit before income tax						225,671
Income tax expense						(23,753)
Profit for the year from Core Operations						201,918
Discontinued Non-core Operations:						
Loss for the year from Discontinued Non-core Operations						(25,790)
<b>Profit for the year</b>						<b>176,128</b>
<b>Other segment items included in the income statements</b>						
Depreciation of Property, plant and equipment	16,441	14,923	13,295	13,871	–	58,530
Amortisation of leasehold land and land use rights	386	280	385	1,161	–	2,212
Depreciation of investment properties	–	–	–	15	–	15
Amortisation of intangible assets	–	–	–	–	190	190
<b>Segment assets and liabilities</b>						
Segment assets of Core Operations	368,160	305,150	337,395	100,071	23,476	1,134,252
Associated companies						1,158
Assets of Core Operations and total assets of the Group						<b>1,135,410</b>
Segment liabilities of Core Operations and total liabilities of the Group	109,079	63,943	50,197	18,789	197,883	<b>439,891</b>
<b>Capital expenditure</b>	<b>28,138</b>	<b>26,478</b>	<b>24,033</b>	<b>111,251</b>	<b>130</b>	<b>190,030</b>

# Notes to the Consolidated Financial Statements

## 5. SALES AND SEGMENTAL INFORMATION (continued)

### (b) Analysis by segments (continued)

#### (i) Primary reporting – business segment (continued)

The segment results for the year ended December 31, 2006 are as follows:

	Year ended December 31, 2006					
	Rice crackers US\$'000	Dairy products and beverages US\$'000	Snack foods US\$'000	Other products US\$'000	Unallocated US\$'000	Group US\$'000
<b>Segment results</b>						
Core Operations:						
Sales	307,511	276,754	257,314	8,369	—	849,948
Segment profit/(loss)	41,920	70,863	57,365	1,087	(10,993)	160,242
Finance cost, net						(3,264)
Share of results of associated companies						(159)
Profit before income tax						156,819
Income tax expense						(16,292)
Profit for the year from Core Operations						140,527
Discontinued Non-core Operations:						
Loss for the year from Discontinued Non-core Operations						(16,879)
<b>Profit for the year</b>						<b>123,648</b>
<b>Other segment items included in the income statement</b>						
Depreciation of property, plant and equipment	12,915	10,523	11,008	11,243	—	45,689
Amortisation of leasehold land and land use rights	228	171	234	1,089	—	1,722
Depreciation of investment properties	—	—	—	16	—	16
Amortisation of intangible assets	—	—	—	—	173	173
<b>Segment assets and liabilities</b>						
Segment assets of Core Operations	318,006	231,643	351,318	85,601	14,119	1,000,687
Associated companies						239
Assets of Core Operations						1,000,926
Assets of Discontinued Non-core Operations						322,875
Eliminations						(113,515)
Total assets of the Group						<b>1,210,286</b>
Segment liabilities of Core Operations	77,386	45,289	50,929	21,028	207,650	402,282
Liabilities of Discontinued Non-core Operations						162,853
Eliminations						(113,515)
Total liabilities of the Group						<b>451,620</b>
<b>Capital expenditure</b>	19,123	37,496	47,553	35,784	13,265	153,221

## 5. SALES AND SEGMENTAL INFORMATION (continued)

### (b) Analysis by segments (continued)

#### (i) Primary reporting – business segment (continued)

The capital expenditure of other products included capital expenditures for both Core Operations and Discontinued Non-core Operations.

#### (ii) Secondary reporting – geographical segments

	2007 US\$'000	2006 US\$'000
<b>Sales</b>		
Mainland China	1,005,901	771,640
Taiwan	41,040	38,278
Hong Kong and overseas	47,599	40,030
	<b>1,094,540</b>	849,948

The overseas countries mainly include Korea, Japan, Thailand, United States, Australia, Canada and Netherland.

The Group's substantial sales and business activities of Core Operations are conducted in the Mainland China, no further analysis of total assets and capital expenditure by geographical segments has been presented.

# Notes to the Consolidated Financial Statements

## 6. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Freehold land US\$'000	Buildings US\$'000	Furniture, machinery and equipment US\$'000	Vehicles, aircraft and transportation US\$'000	Construction in progress US\$'000	Total US\$'000
<b>At January 1, 2006</b>						
Cost	28,856	219,029	351,762	18,647	80,448	698,742
Accumulated depreciation	—	(50,968)	(193,483)	(8,154)	—	(252,605)
Net book amount	28,856	168,061	158,279	10,493	80,448	446,137
Core Operations	28,856	102,460	141,268	9,871	56,503	338,958
Discontinued Non-core Operations	—	65,601	17,011	622	23,945	107,179
Net book amount	28,856	168,061	158,279	10,493	80,448	446,137
<b>Year ended December 31, 2006</b>						
Opening net book amount	28,856	168,061	158,279	10,493	80,448	446,137
Additions	—	4,138	39,821	15,673	71,970	131,602
Transfer upon completion	—	29,733	32,768	207	(62,708)	—
Reclassification to properties under development for sale (Note 15)	(16,659)	—	—	—	(6,092)	(22,751)
Disposals of Core Operations (Note 38)	—	(732)	(461)	(223)	(687)	(2,103)
Disposals of Discontinued Non-core Operations	—	(641)	(1,072)	(47)	—	(1,760)
Depreciation of Core Operations (Note 30)	—	(6,749)	(30,273)	(1,817)	—	(38,839)
Depreciation of Discontinued Non-core Operations (Note 39(b))	—	(2,794)	(3,858)	(198)	—	(6,850)
Exchange differences	55	6,242	6,049	186	3,956	16,488
Closing net book amount	12,252	197,258	201,253	24,274	86,887	521,924
<b>At December 31, 2006</b>						
Cost	12,252	257,524	419,782	33,249	86,887	809,694
Accumulated depreciation	—	(60,266)	(218,529)	(8,975)	—	(287,770)
Net book amount	12,252	197,258	201,253	24,274	86,887	521,924
Core Operations	12,252	115,508	183,274	23,472	63,827	398,333
Discontinued Non-core Operations	—	81,750	17,979	802	23,060	123,591
Net book amount	12,252	197,258	201,253	24,274	86,887	521,924
<b>Year ended December 31, 2007</b>						
Opening net book amount	12,252	197,258	201,253	24,274	86,887	521,924
Additions	—	15,325	29,955	2,880	86,197	134,357
Transfer upon completion	—	25,492	21,265	185	(46,942)	—
Disposals of Core Operations (Note 38)	—	(303)	(5,477)	(586)	—	(6,366)
Disposals of Discontinued Non-core Operations	—	(8,754)	(147)	(192)	—	(9,093)
Depreciation of Core Operations (Note 30)	—	(10,090)	(37,243)	(2,592)	—	(49,925)
Depreciation of Discontinued Non-core Operations (Note 39(b))	—	(3,709)	(4,282)	(614)	—	(8,605)
Reclassification to Non-current assets held for sale (Note 16)	—	(5,595)	—	—	—	(5,595)
Divestment of Discontinued Non-core Operations (Note 39)	—	(69,656)	(20,131)	(739)	(69,238)	(159,764)
Exchange differences	65	12,268	12,881	815	7,866	33,895
Closing net book amount	12,317	152,236	198,074	23,431	64,770	450,828
<b>At December 31, 2007</b>						
Cost	12,317	214,633	446,155	33,160	64,770	771,035
Accumulated depreciation	—	(62,397)	(248,081)	(9,729)	—	(320,207)
Net book amount	12,317	152,236	198,074	23,431	64,770	450,828
Core Operations	12,317	152,236	198,074	23,431	64,770	450,828
Discontinued Non-core Operations	—	—	—	—	—	—
Net book amount	12,317	152,236	198,074	23,431	64,770	450,828

## 6. PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

The Group holds freehold land and buildings in Taiwan. The Group's buildings also include buildings in the PRC and Singapore which are erected on leasehold land and land with land use rights (Note 7). The buildings of the Core Operations comprised factories, offices, sales offices and warehouses. The buildings of the Discontinued Non-core Operations comprised hotels, hospital and offices.

Depreciation expenses of Core Operations of US\$33,661,000 (2006: US\$31,409,000) has been charged in 'cost of sales', US\$288,000 (2006: US\$308,000) in 'selling and distribution expenses' and US\$15,976,000 (2006: US\$7,122,000) in 'administrative expenses'.

The borrowing cost capitalised into the cost of property, plant and equipment of the Group was as follows:

	<b>2007</b>	2006
	<b>US\$'000</b>	US\$'000
Borrowing cost capitalised (Note 39(d))	<b>1,282</b>	1,369
Weighted average capitalised rate	<b>6.87%</b>	6.08%



# Notes to the Consolidated Financial Statements

## 7. LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

	2007 US\$'000	2006 US\$'000
Opening balances	74,563	61,136
Additions	6,968	14,300
Disposals of Core Operations (Note 38)	(258)	(770)
Amortisation of Core Operations (Note 30)	(1,301)	(886)
Amortisation of Discontinued Non-core Operations (Note 39(b))	(911)	(836)
Transfer to Non-current assets held for sale (Note 16)	(649)	–
Divestment of Discontinued Non-core Operations (Note 39)	(41,330)	–
Exchange differences	2,343	1,619
Closing net book amount	39,425	74,563
Core Operations	39,425	34,647
Discontinued Non-core Operations	–	39,916
	39,425	74,563

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments. All of the Group's leasehold land and land use rights are located in the PRC and are with the lease periods as follows:

	2007 US\$'000	2006 US\$'000
In the PRC held on:		
Leases of between 10 to 50 years	39,129	74,024
Leases of over 50 years	296	539
	39,425	74,563

The Group's leasehold land and land use rights of the Core Operations comprised land for buildings of factories, offices, sales offices and warehouses. The leasehold land and land use rights of the Discontinued Non-core Operations was related to buildings of hotels, hospital and offices.

The amortisation of the Group's leasehold land and land use rights has been charged to administrative expenses in the income statements.

There was no pledge of leasehold land and land use rights as at December 31, 2007 and 2006.

## 8. INVESTMENT PROPERTIES – GROUP

	2007 US\$'000	2006 US\$'000
<b>Free hold investment properties</b>		
Core Operations:		
At January 1	2,829	2,992
Addition	299	—
Depreciation (Note 30)	(15)	(16)
Exchange difference	15	(147)
At December 31	<b>3,128</b>	2,829
Cost	<b>3,389</b>	3,075
Accumulated depreciation	<b>(261)</b>	(246)
Net book amount	<b>3,128</b>	2,829
<b>Leasehold investment properties under construction</b>		
Discontinued Non-core Operations:		
At January 1	23,518	16,550
Addition	8,826	6,252
Exchange difference	2,324	716
Divestment of Discontinued Non-core Operations (Note 39)	<b>(34,668)</b>	—
At December 31	—	23,518
Total net book amount	<b>3,128</b>	26,347

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Notes:

### (a) Freehold investment properties

Freehold investment properties represented the offices, sales outlets and warehouses held by the Group in Taiwan erected on freehold land, and included the cost of the land and buildings.

Lease rental income amounting to approximately US\$574,000 (2006: US\$156,000) (Note 29) for the year ended December 31, 2007 was related to the lease of freehold investment properties.

# Notes to the Consolidated Financial Statements

## 8. INVESTMENT PROPERTIES – GROUP (continued)

### (a) Freehold investment properties (continued)

The fair value of the freehold investment properties were US\$4,850,000 as at December 31, 2007 (2006: US\$4,350,000). These estimates by the directors were based on market transacted prices for similar properties in the vicinity of the relevant properties. In cases where market transacted prices were not available, fair values were estimated using published price index and guidelines from the relevant government authorities.

### (b) Leasehold investment properties under construction

Leasehold investment properties represented an office building in the PRC erected on leasehold land, and included the cost of the land and buildings.

During the year, the borrowing cost capitalised into the cost of leasehold investment properties under construction of the Group was US\$1,477,000 (2006: Nil) (Note 39(d)).

The leasehold investment property under construction were valued at US\$54,739,000 as at December 31, 2006 respectively based on the valuation by an independent firm of professional valuer, Vigers Appraisal & Consulting Ltd., the office of which is situated at 10/F The Grande Building, 398 Kwun Tong Road, Kowloon, Hong Kong.

The leasehold investment properties under construction as at December 31, 2006 of US\$11 million were pledged as securities for the Group's bank borrowings (Note 26). The leasehold investment property and relevant borrowings had been transferred out of the Group together with the divestment of the Discontinued Non-core Operations (Note 39).

## 9. INTANGIBLE ASSETS – GROUP

	Goodwill US\$'000	Trademarks and licences US\$'000	Total US\$'000
<b>At January 1, 2006</b>			
Cost	6,836	1,869	8,705
Accumulated amortisation	—	(857)	(857)
Net book amount	6,836	1,012	7,848
<b>Year ended December 31, 2006</b>			
Opening net book amount	6,836	1,012	7,848
Additions	—	257	257
Amortisation charge (Note 30)	—	(173)	(173)
Exchange differences	—	15	15
Closing net book amount	6,836	1,111	7,947
<b>At December 31, 2006</b>			
Cost	6,836	2,149	8,985
Accumulated amortisation	—	(1,038)	(1,038)
Net book amount	6,836	1,111	7,947
Core Operations	404	1,111	1,515
Discontinued Non-core Operations	6,432	—	6,432
Net book amount	6,836	1,111	7,947
<b>Year ended December 31, 2007</b>			
Opening net book amount	<b>6,836</b>	<b>1,111</b>	<b>7,947</b>
Exchange differences	—	8	8
Additions	—	130	130
Divestment of Discontinued Non-core Operations (Note 39)	<b>(6,432)</b>	—	<b>(6,432)</b>
Amortisation charge (Note 30)	—	(190)	(190)
Closing net book amount	<b>404</b>	<b>1,059</b>	<b>1,463</b>
<b>At December 31, 2007</b>			
Cost	<b>404</b>	<b>2,240</b>	<b>2,644</b>
Accumulated amortisation	—	<b>(1,181)</b>	<b>(1,181)</b>
Net book amount	<b>404</b>	<b>1,059</b>	<b>1,463</b>
Core Operations	<b>404</b>	<b>1,059</b>	<b>1,463</b>
Discontinued Non-core Operations	—	—	—
Net book amount	<b>404</b>	<b>1,059</b>	<b>1,463</b>

# Notes to the Consolidated Financial Statements

## 9. INTANGIBLE ASSETS – GROUP (continued)

Goodwill represented mainly goodwill of approximately US\$6,432,000 arising from the acquisition of Shanghai Qianhe Hotel Ltd. in the year ended December 31, 2005. The goodwill had been transferred out of the Group together with the divestment of the Discontinued Non-core Operations (Note 39). The remaining goodwill of US\$404,000 was the aggregated result of acquisitions of minority interests in companies in the previous years.

## 10. INVESTMENTS IN SUBSIDIARIES – COMPANY

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	Company	
	2007	2006
	US\$'000	US\$'000
Investments, at cost	877,190	—

Particulars of the principal subsidiaries of the Company are set out in Note 44.

## 11. ASSOCIATED COMPANIES – GROUP

	2007	2006
	US\$'000	US\$'000
<b>At January 1</b>	<b>239</b>	407
Additions	<b>1,250</b>	—
Share of losses	<b>(330)</b>	(159)
Exchange differences	<b>(1)</b>	(9)
<b>At December 31</b>	<b>1,158</b>	239

## 11. ASSOCIATED COMPANIES – GROUP (continued)

The group's share of the results of its principle associated companies, all of which are unlisted, and their aggregated assets (including goodwill) and liabilities, are as follows :

Name	Country/place of incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% Interest held
		US\$'000	US\$'000	US\$'000	US\$'000	
<b>2007</b>						
Jung Times International Ltd.	British Virgin Islands	6,264	6,645	10,714	(1,320)	25%
Top Want Electric Co., Ltd.	Taiwan	848	837	913	2	25%
Top Want Industrial Co., Ltd.	Taiwan	1,192	2,070	–	–	25%
Jiangsu Xing-Want Rice Ltd.	PRC	1,250	–	–	–	25%
		<b>9,554</b>	<b>9,552</b>	<b>11,627</b>	<b>(1,318)</b>	
<b>2006</b>						
Jung Times International Ltd.	British Virgin Islands	5,577	4,630	8,611	(637)	25%
Top Want Electric Co., Ltd.	Taiwan	815	807	340	1	25%
Top Want Industrial Co., Ltd.	Taiwan	1,186	2,060	–	–	25%
		<b>7,578</b>	<b>7,497</b>	<b>8,951</b>	<b>(636)</b>	

# Notes to the Consolidated Financial Statements

## 12. FINANCIAL INSTRUMENTS BY CATEGORY – GROUP

The accounting policies for financial instruments have been applied to the line items below:

	Receivables US\$'000	Assets at fair value through the profit and loss US\$'000	Cash and cash equivalents US\$'000	Available- for-sale financial assets US\$'000	Total US\$'000
<b>Assets as per consolidated balance sheet</b>					
December 31, 2007					
Available-for-sale financial assets (Note 13)	—	—	—	652	652
Trade receivables (Note 17)	67,232	—	—	—	67,232
Amounts due from related parties and other receivables (Note 18)	10,126	—	—	—	10,126
Financial assets at fair value through profit or loss (Note 19)	—	680	—	—	680
Cash and cash equivalents (Note 20)	—	—	270,466	—	270,466
<b>Total</b>	<b>77,358</b>	<b>680</b>	<b>270,466</b>	<b>652</b>	<b>349,156</b>
December 31, 2006					
Available-for-sale financial assets (Note 13)	—	—	—	652	652
Trade receivables (Note 17)	54,974	—	—	—	54,974
Amounts due from related parties and other receivables (Note 18)	7,900	—	—	—	7,900
Financial assets at fair value through profit or loss (Note 19)	—	1,087	—	—	1,087
Cash and cash equivalents (Note 20)	—	—	185,114	—	185,114
<b>Total</b>	<b>62,874</b>	<b>1,087</b>	<b>185,114</b>	<b>652</b>	<b>249,727</b>

## 12. FINANCIAL INSTRUMENTS BY CATEGORY – GROUP (continued)

	Payables US\$'000	Other financial liabilities US\$'000	Total US\$'000
<b>Liabilities as per consolidated balance sheet</b>			
December 31, 2007			
Trade payables (Note 24)	79,033	—	79,033
Accruals and other payables (Note 25)	83,345	—	83,345
Borrowings (Note 26)	—	183,279	183,279
<b>Total</b>	<b>162,378</b>	<b>183,279</b>	<b>345,657</b>
December 31, 2006			
Trade payables (Note 24)	94,044	—	94,044
Accruals and other payables (Note 25)	69,352	—	69,352
Borrowings (Note 26)	—	245,818	245,818
<b>Total</b>	<b>163,396</b>	<b>245,818</b>	<b>409,214</b>

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## 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	2007 US\$'000	2006 US\$'000
Unlisted securities, at fair value	652	652

## 14. INVENTORIES – GROUP

	2007 US\$'000	2006 US\$'000
Core Operations		
Raw materials and packaging materials	115,735	106,916
Work in progress	17,192	12,859
Finished goods	52,404	35,857
Goods in transit	18,912	14,316
	<b>204,243</b>	169,948
Discontinued Non-core Operations		
Finished goods	—	956
<b>Total</b>	<b>204,243</b>	170,904



# Notes to the Consolidated Financial Statements

## 14. INVENTORIES – GROUP (continued)

The cost of inventories recognised as expense and included in 'cost of sales' amounted to US\$514 million (2006: US\$411 million).

The Group recognised losses of approximately US\$7,390,000 (2006: US\$7,210,000) in respect of the loss on obsolete inventories and write-down of inventories to their net value for the year ended December 31, 2007. These amounts have been included in administrative expenses and cost of sales in the income statement.

## 15. PROPERTIES UNDER DEVELOPMENT FOR SALE – GROUP

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	2007 US\$'000	2006 US\$'000
Leasehold land, at cost	16,643	54,994
Development cost incurred	6,730	30,588
Transfer from property, plant and equipment (Note 6)	–	22,751
Exchange differences	–	1,920
	<b>23,373</b>	110,253
Core Operations	23,373	22,751
Discontinued Non-core Operations	–	87,502
	<b>23,373</b>	110,253

The borrowing cost capitalised into the cost of properties under development for sale of the Group was US\$4,044,000 (2006: Nil) (Note 39).

The properties under development for sale of the Discontinued Non-core Operations represented development of residential real estate projects in the PRC and Taiwan and had been transferred out of the Group together with the divestment of the Discontinued Non-core Operations (Note 39). The projects under Core Operations in Taiwan were disposed off in January 2008.

The properties under development for sale as at December 31, 2007, with carrying value of US\$16.6 million (2006: Nil), were pledged as security for the Group's bank borrowings (Note 26). The pledge was released when the properties were disposed to 旺普建設股份有限公司, a related party of the Company, with the profit amounting to approximately US\$5,550,000 in January 2008.

## 16. NON-CURRENT ASSETS HELD FOR SALE – GROUP

	2007 US\$'000	2006 US\$'000
Disposal groups of assets held for sale		
— Property, plant and equipment (Note 6)	5,595	—
— Leasehold land and land use rights (Note 7)	649	—
	<b>6,244</b>	—

The non-current assets held for sale represented the factory land and buildings pending for disposal as at December 31, 2007 of Chengdu Want Want Foods Ltd. (“Chengdu Want Want”), a subsidiary indirectly owned by the Company. The factory site will be returned to government in 2008 for redevelopment into a commercial area and in return Chengdu Want Want will be given a compensation which will be determined with reference to a certain percentage of the auction price of the land. Chengdu Want Want had relocated its production facilities to a new area by end of 2007.

## 17. TRADE RECEIVABLES – GROUP

	2007 US\$'000	2006 US\$'000
Core Operations		
Trade receivables		
— from third parties	66,921	54,483
— from related parties (Note 42(b))	1,220	1,001
Less: provision for impairment	(909)	(1,039)
Trade receivables, net	<b>67,232</b>	54,445
Discontinued Non-core Operations		
Trade receivables from third parties	—	737
Less: provision for impairment	—	(208)
Trade receivables, net	—	529
	<b>67,232</b>	54,974

For Core Operations, most of the Group's sales made through wholesale channels are on cash on delivery basis whereas those made through direct channels are on credit terms of 60 days.

# Notes to the Consolidated Financial Statements

## 17. TRADE RECEIVABLES – GROUP (continued)

For Discontinued Non-core Operations, the Group's sales of hospital services are on cash basis, while the sales of the hotel operations and others are normally on credit terms of 60 days.

The ageing analysis of trade receivables, before provision for impairment, as at December 31, 2007 and 2006 was as follows:

	2007 US\$'000	2006 US\$'000
Core Operations		
Trade receivables, gross		
– within 60 days	<b>63,038</b>	50,286
– 61-180 days	<b>4,961</b>	4,584
– 181-365 days	<b>77</b>	196
– Over 365 days	<b>65</b>	418
	<b>68,141</b>	55,484
Discontinued Non-core Operations		
Trade receivables, gross		
– Within 60 days	–	529
– 61-180 days	–	208
	–	737
	<b>68,141</b>	56,221

As at December 31, 2007, trade receivables aged over 60 days amounting to US\$5,103,000 (2006: US\$5,406,000) as presented above were regarded as impaired. The amount of the provision was US\$909,000 (2006: US\$1,247,000) as at December 31, 2007. The individually impaired receivables mainly relate to customers with different credit ratings. It was assessed that a portion of the receivables is expected to be recovered.

## 17. TRADE RECEIVABLES – GROUP (continued)

The carrying amounts of the Group's trade receivables approximated their fair value at balance sheet dates.

As at December 31, 2007 and 2006, the Group's trade receivables, before provision for impairment, were denominated in the following currencies:

	2007 US\$'000	2006 US\$'000
RMB	56,613	41,968
US\$	3,368	4,409
Other currencies	8,160	9,844
	<b>68,141</b>	56,221

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Movements on the provision for impairment of trade receivables are as follows:

	2007 US\$'000	2006 US\$'000
<b>At January 1</b>	<b>1,247</b>	838
Provision for impairment of receivables for Core Operations (Note 30)	1,433	336
Provision for impairment of receivables for Discontinued Non-core Operations (Note 30)	7	73
Receivables written-off during the year as uncollectible	(1,660)	—
Divestment of Discontinued Non-core Operations	(118)	—
<b>At December 31</b>	<b>909</b>	1,247

The maximum exposure of the Group to credit risk at the reporting date was the fair value of trade receivables as mentioned above. The Group did not hold any collateral as security.

# Notes to the Consolidated Financial Statements

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES — GROUP

	2007 US\$'000	2006 US\$'000
Prepayments — advance payments to suppliers	<b>24,073</b>	14,539
Prepayments for property, plant and equipment	<b>7,329</b>	11,884
Amounts due from related parties (Note 42(b))	<b>932</b>	1,114
Prepayment for and deductible value added tax	<b>16,770</b>	17,818
Prepayment for income tax	<b>7,528</b>	3,493
Others	<b>9,194</b>	6,786
	<b>65,826</b>	55,634
Core Operations	<b>65,826</b>	146,448
Discontinued Non-core Operations	—	22,701
Elimination (Note 25)	—	(113,515)
	<b>65,826</b>	55,634

The elimination represented prepayments, deposits and other receivables of Core Operations from Discontinued Non-core Operations that were eliminated against the accruals and other payables (Note 25) upon consolidation.

The carrying amounts of prepayments, deposits and other receivables approximated their fair values as at balance sheet dates.

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP

	2007 US\$'000	2006 US\$'000
Core Operations		
Listed securities outside HK: – Unit trusts at fair value	680	1,052
Discontinued Non-core Operations		
Listed securities outside HK: – Unit trusts at fair value	–	35
<b>Total</b>	<b>680</b>	<b>1,087</b>

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Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other gains – net', in the income statement (Note 28).

The fair value of the listed unit trusts is based on their current bid prices in an active market.

# Notes to the Consolidated Financial Statements

## 20. CASH AND CASH EQUIVALENTS – GROUP

	2007 US\$'000	2006 US\$'000
Core Operations		
Cash at bank and in hand	<b>233,949</b>	166,121
Short-term bank deposits	<b>36,517</b>	1,298
	<b>270,466</b>	167,419
Discontinued Non-core Operations		
Cash at bank and in hand	—	17,695
Total	<b>270,466</b>	185,114

The effective interest rates and average maturity of short-term bank deposits are as follows:

	2007	2006
Effective interest rate (% per annum)	<b>1.48%</b>	1.77%
Average maturity (days)	<b>82</b>	87

## 20. CASH AND CASH EQUIVALENTS – GROUP (continued)

Cash and cash equivalents were denominated in the following currencies:

	2007 US\$'000	2006 US\$'000
RMB	242,241	168,398
US\$	24,220	14,430
Others	4,005	2,286
	<b>270,466</b>	185,114

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RMB is current not a freely convertible currency in the international market. The conversion of RMB into foreign currency and remittance of RMB out of the PRC are subject to the rules and regulations of exchange controls promulgated by the PRC authorities.



# Notes to the Consolidated Financial Statements

## 21. SHARE CAPITAL

### Company

	Authorised	
	Number of shares	US\$'000
As at October 3, 2007 and December 31, 2007	3,000,000,000	600,000

As at the date of incorporation of the Company on October 3, 2007, the authorised share capital was US\$600,000,000 divided into 3,000,000,000 shares with par value of US\$0.2 each.

	Issued and fully paid	
	Number of shares	Share capital US\$'000
As at October 3, 2007	1	—
Share issued	1,285,514,074	257,103
As at December 31, 2007	1,285,514,075	257,103

The movements in issued share capital of the Company are as follows:

- As at the date of incorporation of the Company on October 3, 2007, one share was allotted and issued for cash at par value of US\$0.20 to the initial subscriber.
- On October 31 and November 6, 2007, as consideration for the acquisition by the Company of the shares in WWHL from the then shareholders pursuant to the Reorganisation (Note 1), 1,285,514,074 shares of US\$0.20 each were allotted and issued by the Company to the then shareholders as fully paid. The value of consideration for the acquisition was based on the net assets value of WWHL as at September 30, 2007 of US\$877,190,000, resulting in an increase in share capital of US\$257,103,000 and a share premium of US\$620,087,000 (Note 22).
- On February 4, 2008, each share in the capital of the Company of US\$0.20 each were subdivided into 10 shares of par value of US\$0.02 each, such that the authorised share capital of the Company became US\$600,000,000 divided into 30,000,000,000 shares of US\$0.02 each, and the issued share capital of the Company became US\$257,103,000 divided into 12,855,140,750 shares of US\$0.02 each.

## 21. SHARE CAPITAL (continued)

- (d) As disclosed in Note 1, these consolidated financial statements have been prepared using the principles of merger accounting. Accordingly, the issued share capital of the Company of approximately US\$257,103,000 comprising 1,285,514,075 shares of US\$0.20 each (12,855,140,750 shares of US\$0.02 each after subdivision (Note (c))) is deemed to have been in issue throughout the accounting years presented in these financial statements.
- (e) On March 26, 2008, the Company completed its global initial public offering of shares by issuing 2,717,882,000 shares of US\$0.02 each at a price of HK\$3 per share, comprising 397,582,000 new shares offered by the Company and 2,320,300,000 existing shares of the Company offered by the selling shareholders of the Company. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on the same date. The Company generated proceeds amounting to HK\$1,193,000,000 (equivalent to approximately US\$153,000,000) from the issue of new shares.

## 22. OTHER RESERVES

### Group

	Note	Share premium account US\$'000	Capital reserves US\$'000	Currency realignment reserve US\$'000	Statutory reserves US\$'000	Retained earnings US\$'000	Total US\$'000
As at January 1, 2006	(a)	620,087	(668,006)	7,588	32,998	376,881	369,548
Profit for the year		—	—	—	—	126,826	126,826
Currency translation differences		—	—	24,044	—	—	24,044
Purchase of shares from the then shareholders	(b)	—	(127)	—	—	—	(127)
Dividends paid to the then Shareholders		—	—	—	—	(25,777)	(25,777)
Appropriation to statutory reserves	(c)	—	—	—	7,507	(7,507)	—
As at December 31, 2006		620,087	(668,133)	31,632	40,505	470,423	494,514
As at January 1, 2007		<b>620,087</b>	<b>(668,133)</b>	<b>31,632</b>	<b>40,505</b>	<b>470,423</b>	<b>494,514</b>
Profit for the year		—	—	—	—	176,748	176,748
Currency translation differences		—	—	57,126	—	—	57,126
Purchase of shares from the then shareholders	(b)	—	(2,426)	—	—	—	(2,426)
Dividends paid to the then Shareholders	37	—	—	—	—	(25,775)	(25,775)
Dividends paid through the divestment of Discontinued Non-core Operation	37,39	—	(294,678)	(28,221)	(1,150)	57,745	(266,304)
Appropriation to statutory reserves	(c)	—	—	—	13,333	(13,333)	—
As at December 31, 2007		<b>620,087</b>	<b>(965,237)</b>	<b>60,537</b>	<b>52,688</b>	<b>665,808</b>	<b>433,883</b>

# Notes to the Consolidated Financial Statements

## 22. OTHER RESERVES (continued)

### Company

	Note	Share premium account US\$'000	Retained earnings/ (accumulated losses) US\$'000	Total US\$'000
As at October 3, 2007, the date of incorporation of the Company		620,087	—	620,087
Profit for the year		—	266,203	266,203
Dividends paid through divestment of Discontinued Non-core Operations	37,39	—	(266,304)	(266,304)
As at December 31, 2007		620,087	(101)	619,986
Presented as:				
Proposed final dividend		120,713	—	120,713
Others		499,374	(101)	499,273
		620,087	(101)	619,986

### (a) Share premium

Pursuant to Section 34 of the Cayman Companies Law (2003 Revision) and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provision of the Articles of Association of the Company.

### (b) Capital reserve

In 2007, WWHL acquired 1,572,000 (2006: 80,000) of its own shares from its then shareholders through purchases on the Singapore Exchange for cash of US\$2,426,000 (2006: US\$127,000), which had been deducted from shareholders' equity.

## 22. OTHER RESERVES (continued)

### (c) Statutory reserves

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. All statutory reserves are created for specific purposes. PRC companies are required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the discretionary surplus reserve using its post-tax profits in accordance with a resolution of the board of directors.

The Taiwan Company Law requires a company to appropriate 10% of its annual net income as a legal reserve (less losses of prior years, if any) before it declares any part of such net income as dividends and/or bonuses, until the accumulated legal reserve equals the total registered capital. This reserve can only be used to cover losses, or, if the balance of the reserve exceeds 50% of the registered capital, to increase the registered capital by an amount not exceeding 50% of the legal reserve.

### (d) Distributable reserves

The Group's distributable reserves as at December 31, 2007 and 2006 were presented as follows:

	Note	Group					
		2007			2006		
		Share premium account US\$'000	Retained earnings US\$'000	Total US\$'000	Share premium account US\$'000	Retained earnings US\$'000	Total US\$'000
Proposed final dividend	37	120,713	—	120,713	—	25,775	25,775
Others		499,374	665,808	1,165,182	620,087	444,648	1,064,735
		620,087	665,808	1,285,895	620,087	470,423	1,090,510

The proposed final dividend will be distributed by the Company through its share premium account.

# Notes to the Consolidated Financial Statements

## 23. ACCOUNTING ADJUSTMENTS UNDER COMMON CONTROL COMBINATION – GROUP

The following is a reconciliation of the effect arising from the common control combination (Note 2) on the consolidated balance sheets. No significant adjustments were made to the net assets and net profit or loss of any entities as a result of the common control combination to achieve consistency of accounting policies.

The consolidated balance sheet as at December 31, 2007:

	The Company US\$'000	WWHL Group US\$'000	Adjustments (Note) US\$'000	Consolidated US\$'000
Investment in the subsidiaries	877,190	—	(877,190)	—
Other assets	(101)	691,087	—	690,986
Net assets	877,089	691,087	(877,190)	690,986
Share capital	257,103	126,331	(126,331)	257,103
Share premium account	620,087	80,300	(80,300)	620,087
Capital reserve	—	(294,678)	(670,559)	(965,237)
Currency realignment reserve	—	60,537	—	60,537
Statutory reserves	—	52,688	—	52,688
(Accumulated losses)/retained earnings	(101)	665,909	—	665,808
	877,089	691,087	(877,190)	690,986

Note: The above adjustments represent the elimination of investment cost of the Company in its subsidiaries against the capital reserve which arising from the transfer of the WWHL Group to the Company during the Reorganisation.

## 23. ACCOUNTING ADJUSTMENTS UNDER COMMON CONTROL COMBINATION — GROUP (continued)

The consolidated balance sheet as at December 31, 2006:

	WWHL Group US\$'000	Adjustments (Note) US\$'000	Consolidated US\$'000
Other assets	751,617	—	751,617
Net assets	751,617	—	751,617
Share capital	126,331	130,772	257,103
Share premium account	80,300	539,787	620,087
Capital reserve	2,426	(670,559)	(668,133)
Currency realignment reserve	31,632	—	31,632
Statutory reserves	40,505	—	40,505
Retained earnings	470,423	—	470,423
	751,617	—	751,617

Note: The above adjustments represent the Company's issue of 1,285,514,074 shares of US\$0.20 each as consideration for the acquisition by the Company of the shares in WWHL from the then shareholders pursuant to the Reorganisation. The value of consideration for the acquisition was based on the net assets value of WWHL as at September 30, 2007 of US\$877,190,000, resulting in US\$257,103,000 share capital and approximately US\$620,087,000 share premium. The shares were deemed to be in issue throughout the accounting years presented in these financial statements.

## 24. TRADE PAYABLES — GROUP

	2007 US\$'000	2006 US\$'000
Core Operations		
Trade payables — to third parties	<b>79,033</b>	92,136
Discontinued Non-core Operations		
Trade payables — to third parties	—	1,908
Total	<b>79,033</b>	94,044

# Notes to the Consolidated Financial Statements

## 24. TRADE PAYABLES – GROUP (continued)

The ageing analysis of the trade payables as at December 31, 2007 and 2006 was as follows:

	<b>2007</b>	2006
	<b>US\$'000</b>	US\$'000
Core Operations		
Within 60 days	<b>75,793</b>	85,631
61 to 180 days	<b>2,586</b>	5,587
181 to 365 days	<b>275</b>	281
Over 1 year	<b>379</b>	637
	<b>79,033</b>	92,136
Discontinued Non-core Operations		
Within 180 days	–	1,908
	<b>79,033</b>	94,044

## 25. ACCRUALS AND OTHER PAYABLES

### Group

	2007 US\$'000	2006 US\$'000
Advance receipts from customers	78,791	28,822
Accruals	42,882	27,355
Salary and welfare payables	14,003	8,775
Other taxes and levies payable	4,192	3,352
Others	26,460	33,222
	<b>166,328</b>	101,526
Core Operations	166,328	109,107
Discontinued Non-core Operations	—	105,934
Elimination	—	(113,515)
	<b>166,328</b>	101,526
	<b>166,328</b>	101,526

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### Company

	2007 US\$'000	2006 US\$'000
Other payables	101	—

The carrying amounts of accruals and other payables approximated their fair values at balance sheet dates.



# Notes to the Consolidated Financial Statements

## 26. BORROWINGS — GROUP

	2007 US\$'000	2006 US\$'000
Core Operations		
Current:		
Short term bank borrowings		
— secured	10,759	—
— unsecured	4,520	189,385
	<b>15,279</b>	189,385
Non-current:		
Long term bank borrowings		
— unsecured	168,000	9,173
	<b>183,279</b>	198,558
Discontinued Non-core Operations		
Non-current:		
Long term bank borrowings		
— secured	—	4,962
— unsecured	—	42,298
	—	47,260
<b>Total borrowings</b>	<b>183,279</b>	245,818

The borrowings of the Core Operations comprised:

- (a) Current secured bank borrowing of approximately US\$10,759,000 (2006: Nil) as at December 31, 2007, which was secured by a legal mortgage over the Group's properties under development for sale. The borrowing had been repaid and the mortgage was released upon the disposal of the properties in January 2008 (Note 15).
- (b) Unsecured bank borrowings amounting to US\$168,000,000 (2006: US\$196,000,000) as at December 31, 2007, which were guaranteed by WWHL .

## 26. BORROWINGS – GROUP (continued)

The bank borrowings of the Discontinued Non-core Operations of approximately US\$4,962,000 as at December 31, 2006 were secured by legal mortgages over the Group's leasehold investment properties under construction with a net book amount of US\$11 million (Note 8). The borrowings had all been transferred out of the Group together with the divestment of the Discontinued Non-core Operations (Note 39).

The Group's borrowings were repayable as follows:

	2007 US\$'000	2006 US\$'000
Within 1 year	15,279	189,385
Between 1 and 2 years	—	11,737
Between 2 and 5 years	168,000	3,781
Wholly repayable within 5 years	183,279	204,903
Over 5 years	—	40,915
	183,279	245,818

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The carrying amounts of the bank borrowings were denominated in the following currencies:

	2007 US\$'000	2006 US\$'000
RMB	—	47,259
US\$	168,000	186,456
Other currencies	15,279	12,103
	183,279	245,818

# Notes to the Consolidated Financial Statements

## 26. BORROWINGS — GROUP (continued)

The effective weighted average interest rates per annum at the balance sheet date were as follows:

	2007		2006		
	US\$	Others	RMB	US\$	Others
Bank borrowings, secured	—	2.60%	5.75%	—	—
Bank borrowings, unsecured	5.73%	2.53%	6.12%	5.87%	2.29%

The bank borrowings were at floating interest rates. The carrying amounts of the borrowings approximated their fair values at balance sheet dates.

The group had the following undrawn bank borrowing facilities:

	2007 US\$'000	2006 US\$'000
RMB facilities	16,398	36,052
US\$ facilities	148,000	74,544
Other facilities	15,545	5,672
	<b>179,943</b>	116,268

## 27. DEFERRED INCOME TAX — GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2007 US\$'000	2006 US\$'000
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	692	648
Deferred tax liabilities:		
— Deferred tax liabilities to be settled after more than 12 months	—	(7,696)

## 27. DEFERRED INCOME TAX – GROUP (continued)

The movement in deferred tax assets and liabilities during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

### Deferred tax assets:

	Provisions US\$'000	Others US\$'000	Total US\$'000
<b>At January 1, 2006</b>	431	151	582
Recognised in the income statement (Note 34)	48	19	67
Exchange differences	(1)	—	(1)
<b>At December 31, 2006</b>	478	170	648
Recognised in the income statement (Note 34)	29	11	40
Exchange differences	4	—	4
<b>At December 31, 2007</b>	<b>511</b>	<b>181</b>	<b>692</b>

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### Deferred tax liabilities:

	Revaluation of a hotel building US\$'000
<b>At January 1, 2006</b>	8,175
Recognised in the income statement	(479)
<b>At December 31, 2006</b>	7,696
Recognised in the income statement	(2,228)
Divestment of Discontinued Non-core Operations (Note 39)	(5,468)
<b>At December 31, 2007</b>	—

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately US\$6.0 million (2006: US\$8.8 million) in respect of tax losses amounting approximately to US\$39.7 million (2006: US\$40.0 million) as at December 31, 2007 that can be carried forward against future taxable income, respectively. Losses amounting to approximately US\$2.0 million expired in the years ended December 31, 2007 (2006: US\$2.6 million), respectively. The tax losses as at December 2007 amounting to US\$1.4 million, US\$4.8 million, US\$11.9 million, US\$9.9 million and US\$11.7 million will expire in year 2008, year 2009, year 2010, year 2011 and year 2012, respectively.

# Notes to the Consolidated Financial Statements

## 27. DEFERRED INCOME TAX – GROUP (continued)

The Group determined that there were no deferred income tax liabilities to be recognised as at December 31, 2007 and 2006 for the withholding tax and other taxes that would be payable upon remittance of earnings of subsidiaries incorporated in Taiwan, as the Group has no plan to distribute the respective retained earnings as at December 31, 2007. Unremitted earnings of the Taiwan subsidiaries totalled US\$33,529,000 as at December 31, 2007 (2006: US\$32,580,000), respectively.

## 28. OTHER GAINS – NET

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	2007 US\$'000	2006 US\$'000
Core Operations		
Net foreign exchange gains	7,359	3,256
Gain on disposal of financial assets at fair value through profit or loss	63	127
Gains/(losses) on disposal of property, plant and equipment and leasehold land and land use rights, net	1,137	(1,076)
Others	(2,338)	(1,301)
	<b>6,221</b>	1,006

## 29. OTHER INCOME

	2007 US\$'000	2006 US\$'000
Core Operations		
Government grants	13,698	23,234
Sale of scraps	4,927	3,525
Rental income (Note 8)	574	156
Interest income from Discontinued Non-core Operations (Note 39(d))	1,400	1,423
Others	2,784	1,468
	<b>23,383</b>	29,806

The government grants represented subsidy income received from various government organisations as rewards to certain subsidiaries of the Group in the PRC.

### 30. EXPENSES BY NATURE

	2007 US\$'000	2006 US\$'000
Core Operations		
Raw materials, packaging and consumables used	<b>528,910</b>	420,715
Changes in inventories of finished goods and work in progress	<b>(20,880)</b>	(15,866)
Promotion and advertising expenses	<b>29,841</b>	27,721
Employee benefit expenses including directors' emoluments (Note 31)	<b>124,087</b>	99,055
Transportation expense	<b>60,516</b>	45,270
Water and electricity expenses	<b>53,726</b>	48,406
Depreciation of property, plant and equipment (Note 6)	<b>49,925</b>	38,839
Amortisation of leasehold land and land use rights (Note 7)	<b>1,301</b>	886
Depreciation of investment properties (Note 8)	<b>15</b>	16
Amortisation of intangible assets (Note 9)	<b>190</b>	173
Operating lease in respect of lease hold land and buildings	<b>7,290</b>	5,124
Losses on obsolete and write-down of inventories	<b>6,480</b>	7,208
Provision for impairment of trade receivables	<b>1,433</b>	336
Auditors' remuneration	<b>659</b>	304
Machinery parts and maintenance expenses	<b>9,175</b>	8,932
Others	<b>43,842</b>	33,399
Total of cost of sales, selling and distribution expenses and administrative expenses	<b>896,510</b>	720,518

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### 31. EMPLOYEE BENEFIT EXPENSE

	2007 US\$'000	2006 US\$'000
Core Operations		
Wages and salaries	<b>102,311</b>	78,910
Pension and other social welfare	<b>10,952</b>	8,591
Other benefits	<b>10,824</b>	11,554
Total including directors' emoluments	<b>124,087</b>	99,055

# Notes to the Consolidated Financial Statements

## 32. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

### (a) Directors' Emoluments

The emoluments paid to the directors of the Company are set out below:

Name of Director	Salary US\$'000	Discretionary bonuses US\$'000	Other Benefits* US\$'000	Employer's contribution to pension scheme US\$'000	Total US\$'000
Year ended December 31, 2007					
<i>Executive directors</i>					
TSAI Eng Meng	114	2,850	70	3	3,037
LIAO Ching Tsun	88	91	7	2	188
CHU Chi Wen	56	30	—	1	87
TSAI Shao Chung	72	14	1	1	88
<i>Non-executive directors</i>					
LIN Feng I	80	50	7	2	139
CHENG Wen Hsien	67	150	7	1	225
	<b>477</b>	<b>3,185</b>	<b>92</b>	<b>10</b>	<b>3,764</b>
Year ended December 31, 2006					
<i>Executive directors</i>					
TSAI Eng Meng	111	2,037	70	3	2,221
LIAO Ching Tsun	69	80	7	1	157
CHU Chi Wen	48	26	—	1	75
TSAI Shao Chung	72	21	1	1	95
<i>Non-executive directors</i>					
LIN Feng I	91	53	7	1	152
CHENG Wen Hsien	77	18	7	1	103
	<b>468</b>	<b>2,235</b>	<b>92</b>	<b>8</b>	<b>2,803</b>

Mr TOMITA Mamoru and Mr MAKI Haruo, the non-executive directors of the Company, and Mr TOH David Ka Hock, Mr PEI Kerwei, Mr CHIEN Wen-Guey and Mr LEE Kwang-Chou, the independent non-executive directors of the Company, did not receive any emoluments for the years ended December 31, 2007 (2006: nil).

### 32. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

#### (b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group included two directors (2006: three) whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining three highest paid individuals during the years were as follows (2006: two):

	2007 US\$'000	2006 US\$'000
Salaries	275	212
Discretionary bonuses	138	114
Other benefits*	8	8
	<b>421</b>	334
In the band of:		
Nil to US\$129,000 (HK\$1,000,000)	—	—
US\$129,001 (HK\$1,000,001) to US\$193,000 (HK\$1,500,000)	3	2
	<b>3</b>	2

\* Other benefits include housing and car allowances.

For the years ended December 31, 2007 and 2006, no payments had been made by the Group to the directors or the highest paid individuals in respect of inducement to join or compensation for loss of office, and no directors or the highest paid individual waived any of the emoluments.

### 33. FINANCE INCOME AND COSTS

	2007 US\$'000	2006 US\$'000
Core Operations		
Finance costs		
— Interest expenses on bank borrowings	<b>(4,555)</b>	(4,965)
Finance income		
— Interest income on cash and cash equivalents	<b>2,922</b>	1,701
Net finance costs	<b>(1,633)</b>	(3,264)



# Notes to the Consolidated Financial Statements

## 34. INCOME TAX EXPENSE

	2007 US\$'000	2006 US\$'000
<i>Core Operations</i>		
Current income tax		
– Mainland China	23,087	15,929
– Taiwan	703	427
– Hong Kong and overseas	3	3
	<b>23,793</b>	16,359
Deferred income tax (Note 27)	(40)	(67)
	<b>23,753</b>	16,292

The tax on the profit before taxations from Core Operations differs from the theoretical amount that would arise using the statutory tax rate in the PRC of 33% as follows:

	2007 US\$'000	2006 US\$'000
Profit before tax	225,671	156,819
Tax calculated at statutory tax rate in the PRC	74,471	51,750
Effect of different tax rates, tax holiday and preferential tax rates of subsidiaries	(52,995)	(38,087)
Expenses not deductible for tax purposes	2,212	973
Underprovision of prior year taxation	65	1,656
Tax charge	<b>23,753</b>	16,292

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

### 34. INCOME TAX EXPENSE (continued)

Enterprises incorporated in the PRC are normally subject to enterprise income tax (“EIT”) at rate of 33%, which comprises 30% attributable to national enterprise income tax and 3% attributable to local municipal income tax. Certain subsidiaries of the Group enjoyed preferential EIT at rates lower than 33% as approved by the relevant tax authorities or operated in designated areas with preferential EIT policies in the PRC. Besides, certain subsidiaries, being incorporated as foreign investment enterprises in the PRC, have obtained approvals from the relevant tax authorities in the PRC for their entitlement to exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in the PRC.

The National People’s Congress approved the Corporate Income Tax (“CIT”) Law of the People’s Republic of China (the new “CIT Law”) on March 16, 2007 and the State Council announced the Detail Implementation Regulations (“DIR”) on December 6, 2007, which would be effective from January 1, 2008. According to the new CIT Law, the income tax rates for both domestic and foreign investment enterprises would be unified at 25% effective from January 1, 2008. However, for enterprises which were established before the publication of the new CIT Law and were entitled to preferential treatments of reduced CIT tax rate granted by relevant tax authorities, the new CIT rate might be gradually increased from the preferential rate to 25% within 5 years after the effective date of the new CIT Law on January 1, 2008. For the regions that enjoy a reduced CIT rate at 15%, the tax rate would gradually increase to 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 according to the grandfathering rules stipulated in the DIR and related circular. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Enterprises incorporated in Taiwan, Hong Kong and other places (mainly including Singapore, Japan and British Virgin Islands) are subject to income tax rates of 25%, 16.5% and 0% to 30% prevailing in the places in which the group operated, respectively.

### 35. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US\$266,203,000.

### 36. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The Company was incorporated on October 3, 2007. The weighted average number of ordinary shares in issue during the years ended December 31, 2007 and 2006 is determined on the assumption that 1,285,514,075 shares issued upon the incorporation of the Company in connection with the Reorganisation had been in issue since January 1, 2006 and the subdivision of number of shares by a multiple of 10 as described in Note 21(c) had been effected on January 1, 2006.

# Notes to the Consolidated Financial Statements

## 36. EARNINGS PER SHARE (continued)

	2007	2006
Profit from Core Operations attributable to equity holders of the Company (US\$'000)	<b>201,188</b>	141,192
Weighted average number of ordinary shares in issue (thousands)	<b>12,855,141</b>	12,855,141
Basic earnings per share for Core Operations	<b>US1.57 cents</b>	US1.10 cents
Loss from Discontinued Non-core Operations attributable to equity holders of the Company (US\$'000)	<b>(24,440)</b>	(14,366)
Weighted average number of ordinary shares in issue (thousands)	<b>12,855,141</b>	12,855,141
Basic loss per share for Discontinued Non-core Operations	<b>(US0.19 cents)</b>	(US0.11 cents)
Basic earnings per share for Core Operations and Discontinued Non-core Operations	<b>US1.38 cents</b>	US0.99 cents

No diluted earnings per share have been presented as the Company does not have any dilutive potential ordinary shares as at December 31, 2007.

## 37. DIVIDENDS

A final dividend in respect of the year ended December 31, 2007 of US0.91 cents per share, amounting to US\$120,713,000, is to be proposed for shareholder's approval at the upcoming Annual General Meeting. The dividend payable has not been reflected in the consolidated financial statements as at December 31, 2007.

	2007	2006
	US\$'000	US\$'000
Interim dividend of US\$266,304,000 (2006: nil), paid by way of divestment of Discontinued Non-core Operations (Notes 1 and 39)	<b>266,304</b>	—
Proposed final dividend of US2.00 cents per ordinary share of WWHL to its then shareholders	—	25,775
Proposed final dividend of US0.91 cents per ordinary share of the Company	<b>120,713</b>	—
	<b>387,017</b>	25,775

The proposed final dividend is calculated based on 13,252,722,750 shares in issue as at the date of this report, after taking into consideration of new shares issued to the public for the Listing.

### 38. CASH GENERATED FROM OPERATIONS – CORE OPERATIONS

	2007 US\$'000	2006 US\$'000
Profit before income tax	225,671	156,819
Adjustments for:		
– Depreciation of property, plant and equipment (Note 6)	49,925	38,839
– Amortisation of leasehold land and land use rights (Note 7)	1,301	886
– Depreciation of investment properties (Note 8)	15	16
– Amortisation of intangible assets (Note 9)	190	173
– (Gain)/loss on disposal of property, plant and equipment and leasehold land and land use rights (Note 28)	(1,137)	1,076
– Gain on disposal of financial assets at fair value through profit or loss (Note 28)	(63)	(127)
– Interest income (Note 33)	(2,922)	(1,701)
– Interest expenses (Note 33)	4,555	4,965
– Share of results of associated companies (Note 11)	330	159
	<b>277,865</b>	201,105
Changes in working capital:		
– Increase in inventories	(34,295)	(27,320)
– Increase in trade receivables	(12,787)	(6,240)
– Decrease/(increase) in prepayments, deposits and other receivables	80,622	(76,629)
– (Decrease)/increase in trade payables	(13,103)	21,672
– Increase in accruals and other payables	57,221	35,723
Cash generated from operations	<b>355,523</b>	148,311

In the cash flow statement, proceeds from sale of property, plant and equipment and leasehold land and land use rights comprise:

	2007 US\$'000	2006 US\$'000
Net book amount of property, plant and equipment (Note 6)	6,366	2,103
Net book amount of leasehold land and land use rights (Note 7)	258	770
Gain/(loss) on disposal of property, plant and equipment and leasehold land and land use rights (Note 28)	1,137	(1,076)
Proceeds from disposal of property, plant and equipment and leasehold land and land use rights	<b>7,761</b>	1,797

# Notes to the Consolidated Financial Statements

## 39. DISCONTINUED NON-CORE OPERATIONS

In preparation for the listing, the Company further undertook a reorganization of its subsidiaries to divest its interests in companies involved in the Discontinued Non-core Operations including hospital, hotel and property businesses and other investments. This divestment occurred through the following steps:

- WWHL established a new wholly-owned subsidiary, San Want Holdings Limited (“San Want”), on May 29, 2007; and
- the Company transferred to San Want all of the shareholdings and interests in those of subsidiaries and businesses engaged in the Discontinued Non-core Operations. In the course of this divestment, all assets and liabilities remained with the relevant legal entities which owned such assets or incurred such liabilities; and
- the shares held by WWHL in San Want were distributed by way of a dividend in specie on December 31, 2007, to the Company and the other minority shareholders of WWHL in proportion to our and their respective shareholdings in WWHL; and
- upon receiving the shares in San Want as dividend in specie from WWHL, the Company in turn, distributed the shares in San Want by way of dividend in specie to the shareholders of the Company in proportion to their existing shareholding in the Company at such time.

### 39. DISCONTINUED NON-CORE OPERATIONS (continued)

The operating results of the Discontinued Non-core Operations during the year are set out as follows:

		Year ended December 31,	
		2007 US\$'000	2006 US\$'000
Sales		<b>12,323</b>	13,655
Cost of sales	(b)	<b>(7,380)</b>	(6,937)
<b>Gross profit</b>		<b>4,943</b>	6,718
Other loss, net	(a)	<b>(644)</b>	(107)
Other income		<b>2</b>	44
Selling and distribution expenses	(b)	<b>(7,226)</b>	(5,919)
Administrative expenses	(b)	<b>(14,351)</b>	(10,634)
<b>Operating loss</b>		<b>(17,276)</b>	(9,898)
Finance income	(d)	<b>466</b>	165
Finance costs	(d)	<b>(11,173)</b>	(7,554)
Finance costs — net	(d)	<b>(10,707)</b>	(7,389)
<b>Loss before income tax</b>		<b>(27,983)</b>	(17,287)
Income tax expense	(e)	<b>2,193</b>	408
<b>Loss for the year</b>		<b>(25,790)</b>	(16,879)
<b>Attributable to:</b>			
Equity holders of the Company		<b>(24,440)</b>	(14,366)
Minority interests		<b>(1,350)</b>	(2,513)
		<b>(25,790)</b>	(16,879)

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# Notes to the Consolidated Financial Statements

## 39. DISCONTINUED NON-CORE OPERATIONS (continued)

Notes:

### (a) Other loss, net

	2007 US\$'000	2006 US\$'000
Net foreign exchange losses	(94)	(92)
Fair value gain on financial assets at fair value through profit or loss	3	—
Losses on disposal of property, plant and equipment, net	(50)	(161)
Others	(503)	146
<b>Total</b>	<b>(644)</b>	<b>(107)</b>

### (b) Expenses by nature

	2007 US\$'000	2006 US\$'000
Raw materials, packaging and consumables used	6,685	5,953
Changes in inventories of finished goods and work in progress	(505)	(100)
Promotion and advertising expenses	296	329
Employee benefit expenses including directors' emoluments (Note (c))	4,884	3,872
Transportation expense	167	216
Water and electricity expenses	2,171	2,371
Depreciation of property, plant and equipment (Note 6)	8,605	6,850
Amortisation of leasehold land and land use rights (Note 7)	911	836
Operating lease in respect of lease hold land and buildings	595	783
Losses on obsolete and write-down of inventories	910	2
Provision for impairment of trade receivables	7	73
Machinery parts and maintenance expenses	910	298
Others	3,321	2,007
<b>Total of cost of sales, selling and distribution expenses and administrative expenses</b>	<b>28,957</b>	<b>23,490</b>

### (c) Employee benefit expenses

	2007 US\$'000	2006 US\$'000
Wages and salaries	3,722	2,215
Pension and other social welfare	702	611
Other benefits	460	1,046
<b>Total including directors' emoluments</b>	<b>4,884</b>	<b>3,872</b>

### 39. DISCONTINUED NON-CORE OPERATIONS (continued)

Notes: (continued)

#### (d) Finance income and costs

	2007 US\$'000	2006 US\$'000
Finance costs		
– Interest expenses on bank borrowings	(16,576)	(7,500)
– Interest expenses paid to Core Operations (Note 29)	(1,400)	(1,423)
– Less: amount capitalised in		
– property, plant and equipment (Note 6)	1,282	1,369
– investment properties (Note 8)	1,477	–
– properties under development for sale (Note 15)	4,044	–
	<b>(11,173)</b>	(7,554)
Finance income		
– Interest income on cash and cash equivalents	466	165
Net finance costs	<b>(10,707)</b>	(7,389)

#### (e) Income tax expense

	2007 US\$'000	2006 US\$'000
Current income tax		
– Mainland China	35	13
– Hong Kong and overseas	–	58
	<b>35</b>	71
Deferred income tax (Note 27)	<b>(2,228)</b>	(479)
	<b>(2,193)</b>	(408)



# Notes to the Consolidated Financial Statements

## 39. DISCONTINUED NON-CORE OPERATIONS (continued)

The consolidated assets and liabilities of San Want as at December 31, 2007, the date of the divestment, are set out as follows:

	US\$'000
<b>Assets</b>	
Property, plant and equipment (Note 6)	159,764
Leasehold land and land use rights (Note 7)	41,330
Investment properties (Note 8)	34,668
Intangible assets	6,432
Inventories	1,461
Properties under development for sale	137,291
Trade receivables	759
Prepayments, deposits and other receivables	13,542
Financial assets at fair value through profit or loss	38
Cash and cash equivalents	57,206
<b>Total assets</b>	<b>452,491</b>
<b>Liabilities</b>	
Borrowings	126,201
Deferred income tax liabilities	5,468
Trade payables	2,834
Accruals and other payables	21,657
Current income tax liabilities	90
Borrowings – current	29,380
<b>Total liabilities</b>	<b>185,630</b>
<b>Minority interests</b>	<b>557</b>
<b>Net assets disposed</b>	<b>266,304</b>

Following the completion of the divestment, neither the Company nor any of its subsidiaries retained any interests in the Discontinued Non-core Operations.

#### 40. CONTINGENCIES – GROUP

	2007 US\$'000	2006 US\$'000
Loan guarantees provided to a related party	45,100	—

As at December 31, 2007, WWHL provided guarantees amounting to US\$45,100,000 for the bank borrowings of Hunan Want Want Hospital Co., Ltd., a company of the Discontinued Non-core Operations. The guarantees had been subsequently released in March 2008.

#### 41. COMMITMENTS – GROUP

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##### Capital commitments

The Group's capital commitments in respect of property, plant and equipment were as follow:

	2007 US\$'000	2006 US\$'000
Property, plant and equipment		
Contracted but not provided for	51,551	22,195
Authorised but not contracted for	377	791
	<b>51,928</b>	22,986

##### Operating lease commitments – where the Group is the lessee

The Group leases buildings under non-cancellable lease agreements. The Group's future aggregate minimum lease payments under these non-cancellable operating leases were as follows:

	2007 US\$'000	2006 US\$'000
No later than 1 year	1,198	1,147
Later than 1 year and no later than 5 years	3,625	2,510
Later than 5 years	9,367	6,627
	<b>14,190</b>	10,284

##### Operating lease commitments – where the Group is the lessor

The Group leases out certain office premises, plant and equipment under non-cancellable operating lease agreements. The leases have various terms and renewal rights.

# Notes to the Consolidated Financial Statements

## 41. COMMITMENTS – GROUP (continued)

The future aggregate minimum rental receivables under these non-cancellable operating leases were as follows:

	2007 US\$'000	2006 US\$'000
No later than 1 year	101	118
Later than 1 year and no later than 5 years	405	450
	<b>506</b>	568

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## 42. RELATED-PARTY TRANSACTIONS – GROUP

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The ultimate parent company of the Group is Hot-Kid Holdings Limited (incorporated in the British Virgin Islands) which owns 66.93% equity interest in the Company as at December 31, 2007. The ultimate controlling parties of the Group are Mr. TSAI Eng Meng, the Chairman and Chief Executive Officer of the Group, and his families.

The Directors of the Company are of the view that the following companies are related parties of the Group:

Company	Relationship
四洲貿易有限公司 Four Seas Mercantile Limited*	A 30% shareholder of Want Want Four Seas Co., Ltd., a subsidiary of the Group.
日本岩塚制果株式会社 IWATSUKA Confectionery Co., Ltd.*	Maki Haruo, a non-executive director of the Group, is the president and a shareholder of Iwatsuka Confectionery Co., Ltd.
Jung Times International Ltd	An associated company of the Group.
神旺大飯店（股份）有限公司 San Want Hotel Co., Ltd.*	An associated company of Mr. TSAI Eng Meng.

\* The English name of certain related parties represented the best effort by management of the Company in translating their Chinese/Japanese names as they do not have official English names.

## 42. RELATED-PARTY TRANSACTIONS – GROUP (continued)

The Group had the following significant transactions and balances with related parties:

### (a) Transactions with Related Parties:

	2007 US\$'000	2006 US\$'000
Sales of goods		
– Four Seas Mercantile Limited	3,378	3,104
Purchases of raw materials and finished goods		
– IWATSUKA Confectionery Co., Ltd	344	397
Purchases of machinery parts		
– IWATSUKA Confectionery Co., Ltd	43	22
Technical know-how:		
– IWATSUKA Confectionery Co., Ltd.	239	265

In the opinion of the Directors of the Company, the above transactions were carried out in the ordinary course of business and in accordance with the terms of the underlying agreements.

### (b) Balances with Related Parties

	2007 US\$'000	2006 US\$'000
Trade receivables (Note 17)		
– Four Seas Mercantile Limited	1,220	1,001
Other receivables (Note 18)		
– Jung Times International Ltd.	894	914
– San Want Hotel Co., Ltd.	38	200
	932	1,114

The receivables from related parties were unsecured, non-interest bearing and repayable on demand.

# Notes to the Consolidated Financial Statements

## 42. RELATED-PARTY TRANSACTIONS – GROUP (continued)

### (c) Key Management Compensation

	2007	2006
	US\$'000	US\$'000
Salaries, bonus, pension and other welfares	4,363	3,409

## 43. SUBSEQUENT EVENTS

Save as disclosed elsewhere in this report, the following significant events took place subsequent to December 31, 2007:

- a) Pursuant to a resolution of the shareholders of the Company dated February 4, 2008, options to subscribe for an aggregate of 50,362,400 Shares (representing approximately 0.38% of the enlarged issued share capital of the Company immediately after completion of the Global Offering) at an exercise price equal to the global initial public offering price of HK\$3.00 have been conditionally granted to certain directors and employees of the Group by the Company under the Pre-IPO Share Option Scheme.
- b) On March 26, 2008, the Company completed its global initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited, details of which are set out in Note 21(e) above.

#### 44. PRINCIPAL SUBSIDIARIES

Pursuant to the Reorganisation (Notes 1 and 39), the companies of the Group that were engaged in the Discontinued Non-core Operations had been transferred out of the Group to the shareholders of the Company by way of dividend in specie on December 31, 2007. The following sets out the details of the principal subsidiaries of the Group under the Core Operations on December 31, 2007.

<b>Company name</b>	<b>Country/Place of operation/ incorporation</b>	<b>Issued and paid up capital/ registered capital</b>	<b>Effective interests held by the Group %</b>	<b>Principal activities</b>
<b>Directly owned</b>				
WWHL	Singapore	US\$ 212,331,000	99.87	Investment Holding
<b>Indirectly owned</b>				
Acevision International Limited	British Virgin Islands ("BVI")	US\$ 50,000	100	Export sales
Anji Rimalt Foods Ltd.	PRC	US\$1,400,000	100	Manufacturing and distribution of food and beverages
Anqing-Big-Want Foods Ltd.	PRC	US\$7,000,000	100	Manufacturing and distribution of food and beverages
Anqing Want Want Foods Ltd.	PRC	US\$7,000,000	100	Manufacturing and distribution of food and beverages
Anyang Lee-Want Foods Ltd.	PRC	US\$1,610,000	100	Manufacturing and distribution of food and beverages
Anyang Rimalt Foods Ltd.	PRC	US\$1,820,000	100	Manufacturing and distribution of food and beverages

# Notes to the Consolidated Financial Statements

## 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Anyang Want Want Foods Ltd	PRC	US\$3,000,000	100	Manufacturing and distribution of food and beverages
Anyang Big-Want Food Ltd.	PRC	US\$1,500,000	100	Manufacturing and distribution of food and beverages
Bao Want Technology Packaging Materials Co., Ltd.	Taiwan	NTD1,000,000	60	Sales of chemical materials and plastic films/bags
Baotou Salaqi Ming Want Dairy Co., Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Baotou Salaqi Want Want Foods Co., Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Beijing Be-Want Foods Ltd.	PRC	US\$9,350,000	100	Manufacturing and distribution of food and beverages
Beijing Big-Want Foods Ltd.	PRC	US\$13,000,000	100	Manufacturing and distribution of food and beverages
Beijing Cheng-Want Foods Ltd.	PRC	US\$1,440,000	100	Manufacturing and distribution of food and beverages
Beijing Dairy-Want Foods Ltd.	PRC	US\$10,500,000	100	Manufacturing and distribution of food and beverages
Beijing Lee-Want Foods Ltd.	PRC	US\$1,400,000	100	Manufacturing and distribution of food and beverages
Beijing Lion-Want Packing Ltd.	PRC	US\$2,100,000	100	Manufacturing of packing materials

#### 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Beijing Mingwant Foods Ltd.	PRC	RMB40,000,000	75.59	Manufacturing and distribution of food and beverages
Beijing Rimalt Foods Ltd.	PRC	US\$1,400,000	100	Manufacturing and distribution of food and beverages
Beijing Want Want Foods Ltd.	PRC	US\$6,000,000	93	Manufacturing and distribution of food and beverages
Changsha Ming-Want Condensed Milk Ltd.	PRC	US\$1,350,000	100	Manufacturing and distribution of food and beverages
Changsha Want Want Foods Ltd.	PRC	US\$17,970,000	100	Manufacturing and distribution of food and beverages
Chengdu Big-Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Chengdu Fore-Want Foods Ltd.	PRC	US\$1,540,000	100	Manufacturing and distribution of food and beverages
Chengdu Ming-Want Dairy Ltd.	PRC	US\$9,700,000	100	Manufacturing and distribution of food and beverages
Chengdu Want Want Foods Ltd.	PRC	US\$9,800,000	100	Manufacturing and distribution of food and beverages
Citistar Worldwide Limited	BVI	US\$50,000	100	Export sales
Dezhou Rimalt Foods Ltd.	PRC	US\$600,000	100	Manufacturing and distribution of food and beverages



# Notes to the Consolidated Financial Statements

## 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Eastpier Overseas Ltd. (BVI.)	BVI	US\$86,000	100	Investment holding
Everpeak Worldwide Limited	BVI	US\$50,000	100	Export sales
First Family Enterprise Co., Ltd.	Taiwan	NTD 66,500,000	100	Trading of snack Food
Guangxi Big-Want Foods Ltd.	PRC	US\$3,000,000	100	Manufacturing and distribution of food and beverages
Guangxi Want Want Foods Ltd.	PRC	US\$3,000,000	100	Manufacturing and distribution of food and beverages
Guangzhou Be-Want Foods Ltd.	PRC	US\$4,850,000	100	Manufacturing and distribution of food and beverages
Guangzhou Big-Want Foods Ltd.	PRC	US\$10,000,000	100	Manufacturing and distribution of food and beverages
Guangzhou Lee-Want Foods Ltd.	PRC	US\$6,000,000	100	Manufacturing and distribution of food and beverages
Guangzhou Ming-Want Dairy Ltd.	PRC	US\$15,000,000	100	Manufacturing and distribution of food and beverages
Guangzhou Want Want Foods Ltd.	PRC	US\$9,000,000	100	Manufacturing and distribution of food and beverages
Guangzhou Xiang-Want Foods Ltd.	PRC	US\$9,000,000	100	Manufacturing and distribution of food and beverages

#### 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Guangzhou Yong-Want Foods Ltd.	PRC	US\$7,000,000	100	Manufacturing and distribution of food and beverages
Hangzhou Big-Want Foods Ltd.	PRC	US\$7,050,000	100	Manufacturing and distribution of food and beverages
Hangzhou Lee-Want Foods Ltd.	PRC	US\$1,400,000	100	Manufacturing and distribution of food and beverages
Hangzhou Mei-Want Machinery Ltd.	PRC	US\$600,000	100	Manufacturing and sales of machineries and related services
Hangzhou Rimalt Foods Ltd.	PRC	US\$4,200,000	100	Manufacturing and distribution of food and beverages
Hangzhou Sun-Want Foods Ltd.	PRC	US\$12,000,000	100	Manufacturing and distribution of food, wine and beverages
Hangzhou Tiane Foods Chemical Co., Ltd.	PRC	US\$1,050,000	100	Manufacturing of dehydrating, deoxidating, preservative and related products
Hangzhou Want Want Foods Ltd.	PRC	US\$9,800,000	100	Manufacturing and distribution of food and beverages
Hangzhou Yongxin Convenient Chain Store Ltd.	PRC	US\$6,000,000	80	Retailing of consumer products
Harbin Rimalt Foods Ltd.	PRC	US\$1,820,000	100	Manufacturing and distribution of food and beverages
Harbin Want Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages

# Notes to the Consolidated Financial Statements

## 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Hefei Quanjing Want Foods Co., Ltd	PRC	US\$3,000,000	75	Manufacturing and distribution of food and beverages
Hefei Want Want Foods Ltd.	PRC	US\$3,000,000	100	Manufacturing and distribution of food and beverages
Henan Rimalt Foods Ltd.	PRC	US\$1,750,000	100	Manufacturing and distribution of food and beverages
Houma Want Want Foods Ltd.	PRC	US\$3,000,000	100	Manufacturing and distribution of food and beverages
Houma Xiang-Want Foods Ltd.	PRC	US\$700,000	100	Manufacturing and distribution of food and beverages
Huaian Want Want Foods Ltd.	PRC	US\$10,100,000	100	Manufacturing and distribution of food and beverages
Hubei Bao-Want Packaging Materials Ltd.	PRC	US\$250,000	60	Manufacturing and sales of packaging materials
Hubei Lee-Want Foods Ltd.	PRC	US\$2,500,000	100	Manufacturing and distribution of food and beverages
Hubei Want Want Foods Ltd.	PRC	US\$3,000,000	100	Manufacturing and distribution of food and beverages
Hunan Big-Want Foods Ltd.	PRC	US\$7,900,000	100	Manufacturing and distribution of food and beverages
Hunan Jet-Want Packaging Ltd.	PRC	US\$5,500,000	100	Manufacturing of packing bags and carton boxes
Hunan Want Want Foods Ltd.	PRC	US\$15,000,000	100	Manufacturing and distribution of food and beverages

#### 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
I Lan Foods Industrial Co., Ltd.	Taiwan	NTD10,000,000	100	Manufacturing and distribution of food and beverages
Jiangxi Want Want Foods Ltd.	PRC	US\$1,500,000	100	Manufacturing and distribution of food and beverages
Leading Guide Corporation	BVI	US\$40,000,000	100	Investment holding
Lianyungang Want Want Foods Ltd.	PRC	US\$8,000,000	100	Manufacturing and distribution of food and beverages
Jiangxi Be Wang Foods Ltd.	PRC	US\$2,500,000	100	Manufacturing and distribution of food and beverages
Longchang Rimalt Foods Ltd.	PRC	US\$1,750,000	100	Manufacturing and distribution of food and beverages
Longchang Want Want Foodstuff Co., Ltd.	PRC	US\$700,000	100	Manufacturing and distribution of food and beverages
Longchang Xiang Want Food Ltd.	PRC	US\$2,100,000	100	Manufacturing and distribution of food and beverages
Long Wave Foods Limited	Hong Kong	HKD10,000	100	Trading of food and beverages
Luohe Want-Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Ming Want Worldwide Limited	BVI	US\$250,000	100	Investment holding
Nanjing Big-Want Foods Ltd.	PRC	US\$8,550,000	100	Manufacturing and distribution of food and beverages
Nanjing Cubic-Want Plastic Ltd.	PRC	US\$2,500,000	100	Production of packaging materials and cans

# Notes to the Consolidated Financial Statements

## 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Nanjing Fore-Want Foods Ltd.	PRC	US\$6,300,000	100	Manufacturing and distribution of food and beverages
Nanjing Jet-Want Packaging Ltd.	PRC	US\$17,000,000	95	Manufacturing of packing bags and carton boxes
Nanjing Lion-Want Packaging Ltd.	PRC	US\$2,100,000	100	Manufacturing of packing materials
Nanjing Plus-Want Packaging Ltd.	PRC	US\$1,600,000	100	Manufacturing of plastic packaging materials
Nanjing Rimalt Foods Ltd.	PRC	US\$2,500,000	100	Manufacturing and distribution of food and beverages
Nanjing Want Want Foods Ltd.	PRC	US\$6,400,000	91	Manufacturing and distribution of food and beverages
Ningxia Ming-Want Dairy Ltd.	PRC	US\$12,000,000	100	Manufacturing and distribution of food and beverages
Old Man Co., Ltd.	Taiwan	NTD1,000,000	100	Trading of food and beverages
Qihe Rimalt Foods Ltd	PRC	US\$1,400,000	100	Manufacturing and distribution of food and beverages
Qihe Want Want Foods Ltd. (formerly known as Qihe Rimalt Foods Ltd.)	PRC	US\$700,000	100	Manufacturing and distribution of food and beverages
Quanzhou Rimalt Foods Ltd.	PRC	US\$1,750,000	100	Manufacturing and distribution of food and beverages

#### 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Saxone Worldwide Ltd. (BVI.)	BVI	US\$50,000	95	Investment Holding
Shandong Big-Want Foods Ltd.	PRC	US\$4,500,000	100	Manufacturing and distribution of food and beverages
Shandong He-Want Desiccant Ltd	PRC	US\$700,000	100	Manufacturing and distribution of desiccant, deoxidants, preservatives and related products
Shandong Jet-Want Packaging Ltd.	PRC	US\$5,000,000	100	Manufacturing and sales of packaging materials and carton boxes
Shandong Ming-Want Dairy Ltd.	PRC	US\$2,500,000	100	Manufacturing and distribution of food and beverages
Shandong Qiang Want Foods Ltd.	PRC	US\$4,350,000	100	Manufacturing and distribution of food and beverages
Shandong Rimalt Foods Ltd.	PRC	US\$1,800,000	100	Manufacturing and distribution of food and beverages
Shandong Rui-Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Shandong Want Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Shandong Xiang-Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Shanggao Rimalt Foods Ltd.	PRC	US\$1,800,000	100	Manufacturing and distribution of food and beverages

# Notes to the Consolidated Financial Statements

## 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Shanggao Want Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Shanghai Dragon's Moral Consulting Ltd.	PRC	US\$350,000	100	Provision of consultancy services and information
Shenyang Big-Want Foods Ltd.	PRC	US\$9,950,000	100	Manufacturing and distribution of food, wine and beverages
Shenyang Rice-Want Cereals & Oils Ltd.	PRC	US\$8,600,000	100	Processing and sales of rice and oil products
Shenyang Want Want Foods Ltd.	PRC	US\$10,000,000	100	Manufacturing and distribution of food and beverages
Shijiazhuang Ming-Want Dairy Ltd.	PRC	US\$6,250,000	100	Manufacturing and distribution of food and beverages
Shuangcheng Rimalt Foods Ltd.	PRC	US\$1,800,000	100	Manufacturing and distribution of food and beverages
Suzhou Want Want Tourism Development Co., Ltd.	PRC	US\$10,000,000	100	Leisure tourism activities and service including restaurants, lodgings, farming, entertainment and sports
Tongchuan Want Want Foods Ltd.	PRC	US\$8,100,000	100	Manufacturing and distribution of food and beverages
Tongchuan Rimalt Foods Ltd.	PRC	US\$3,250,000	100	Manufacturing and distribution of food and beverages
Viewpoint Overseas Ltd. (BVI.)	BVI	US\$50,000	100	Export sales
Want Want Food Pte Ltd.	Singapore	SGD100,000	100	Trading of food and beverages

#### 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Want Want Foods Limited	Hong Kong	HK\$10,000	100	Trading of food and beverages
Want-Want Four Seas Co., Ltd.	Hong Kong	HK\$2,000,000	70	Distributing of food and beverages and related activities
Want Want Japan Co., Ltd.	Japan	JPY100,000,000	60	Import, export and distribution of food and beverages and related services
Weifang Rimalt Foods Ltd.	PRC	US\$1,500,000	100	Manufacturing and distribution of food and beverages
Wellstand Enterprises Limited	BVI	US\$50,000	100	Investment holding
Wingate Overseas Holdings Ltd.	BVI	US\$50,000	100	Investment holding
Xiantao Rimalt Foods Ltd.	PRC	US\$1,400,000	100	Manufacturing and distribution of food and beverages
Xiantao Want Want Foods Ltd.	PRC	US\$700,000	100	Manufacturing and distribution of food and beverages
Xining Want Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Xinjiang Big-Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Xinjiang Ming-Want Dairy Ltd.	PRC	US\$4,000,000	100	Manufacturing and distribution of food and beverages
Xinjiang Ru-Want Dairy Ltd.	PRC	US\$2,100,000	100	Manufacturing and distribution of food and beverages



# Notes to the Consolidated Financial Statements

## 44. PRINCIPAL SUBSIDIARIES (continued)

Company name	Country/Place of operation/ incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities
<b>Indirectly owned (continued)</b>				
Xinjiang Want Want Foods Ltd.	PRC	US\$2,500,000	100	Manufacturing and distribution of food and beverages
Xuzhou Big-Want Foods Ltd.	PRC	US\$5,000,000	100	Manufacturing and distribution of food and beverages
Yishu Media Creative Technology Co., Ltd.	Taiwan	NTD27,750,000	59	Advertising, product design publishing and event organizing
Zhejiang Ming-Want Dairy Ltd.	PRC	US\$16,600,000	100	Manufacturing and distribution of food and beverages

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