The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

16 January 2014

The Directors
Honworld Group Limited
Macquarie Capital Securities Limited

Dear Sirs,

We set out below our report on the financial information of Honworld Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the three years ended 31 December 2010, 2011 and 2012 and the eight months ended 31 August 2013 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 31 August 2013, and the statements of financial position of the Company as at 31 December 2012 and 31 August 2013, together with the notes thereto (the "Financial Information"), and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the eight months ended 31 August 2012 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 16 January 2014 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 December 2012. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 1 of Section II below, which was completed on 15 March 2013, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the end of the Relevant Periods, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. As at the date of this report, no statutory financial statements have been prepared for the Company as there are no statutory audit requirements under the relevant laws and regulations in its jurisdiction of incorporation. The management accounts of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries or jurisdictions in which they were incorporated and/or established.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and the eight months ended 31 August 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 31 August 2013, and of the state of affairs of the Company as at 31 December 2012 and 31 August 2013, and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

(I) FINANCIAL INFORMATION

Consolidated income statements

		Year ended 31 December			Eight months ended 31 August	
		2010	2011	2012	2012	2013
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	*6*	36,297	109,492	337,125	188,327	322,862
Cost of sales		(22,910)	(63,250)	(144,226)	(80,770)	(130,250)
Gross profit		13,387	46,242	192,899	107,557	192,612
Other income and gains	*6*	2,034	10,514	5,051	4,162	3,016
Selling and distribution expenses		(1,339)	(16,283)	(24,104)	(15,130)	(15,045)
Administrative expenses		(970)	(988)	(22,899)	(10,151)	(40,003)
Other expenses		(1,094)	(59)	(35)	(1)	(9)
Finance costs	*8*	(3,597)	(11,752)	(15,463)	(9,746)	(11,477)
PROFIT BEFORE TAX	*7*	8,421	27,674	135,449	76,691	129,094
Income tax expense	*11*	(2,139)	(7,460)	(37,011)	(20,916)	(33,098)
PROFIT FOR THE YEAR/PERIOD		6,282	20,214	98,438	55,775	95,996
Attributable to:						
Owners of the Company		6,282	20,214	98,438	55,775	95,996

Consolidated statements of comprehensive income

	Year ended 31 December			Eight months ended 31 August	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
PROFIT FOR THE YEAR/PERIOD	6,282	20,214	98,438	55,775	95,996
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements of operations outside Mainland China	—	—	—	—	2
Other comprehensive income for the year/period, net of tax	—	—	—	—	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	6,282	20,214	98,438	55,775	95,998
Attributable to:					
Owners of the Company	6,282	20,214	98,438	55,775	95,998

Consolidated statements of financial position

		As at 31 December			As at 31 August
		2010	2011	2012	2013
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	4,738	32,190	131,469	164,534
Prepaid land lease payments	*14*	12,428	12,165	23,790	23,426
Other intangible assets		—	—	—	395
Prepayments for items of property, plant and equipment		600	5,187	104	722
Time deposits	*18*	—	20	20	20
Deferred tax assets	*22*	9	317	—	—
Total non-current assets		17,775	49,879	155,383	189,097
CURRENT ASSETS					
Inventories	*15*	21,365	63,990	114,598	252,596
Trade and bills receivables	*16*	40,713	58,027	78,414	99,787
Prepayments, deposits and other receivables	*17*	32,675	56,617	127,548	41,878
Due from a director	*32*	1,653	1,653	23	—
Due from a related party	*32*	—	12,867	—	—
Time deposits	*18*	4,000	5,000	—	—
Pledged deposits	*18*	7,000	36,100	—	—
Cash and cash equivalents	*18*	998	10,430	2,231	40,225
Total current assets		108,404	244,684	322,814	434,486
CURRENT LIABILITIES					
Trade and bills payables	*19*	22,620	65,890	48,104	59,382
Other payables and accruals	*20*	2,736	31,914	34,394	37,003
Interest-bearing bank and other borrowings	*21*	68,240	146,310	206,400	243,000
Due to a related party	*32*	8,923	—	—	—
Due to the ultimate holding company	*32*	—	—	—	470
Tax payable		1,844	9,062	36,730	54,361
Total current liabilities		104,363	253,176	325,628	394,216
NET CURRENT ASSETS/(LIABILITIES)		4,041	(8,492)	(2,814)	40,270
TOTAL ASSETS LESS CURRENT LIABILITIES		21,816	41,387	152,569	229,367

		As at 31 December			As at 31 August
		2010	2011	2012	2013
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*21*	—	—	10,000	—
Other long term liabilities	*23*	6,358	5,221	5,053	4,942
Deferred tax liabilities	*22*	—	494	4,406	6,317
Total non-current liabilities		6,358	5,715	19,459	11,259
Net assets		15,458	35,672	133,110	218,108
EQUITY					
Equity attributable to owners of the Company					
Issued capital	*24*	31	31	31	31
Reserves	*25*	15,427	35,641	133,079	218,077
Total equity		15,458	35,672	133,110	218,108

Consolidated statements of changes in equity

	Attributable to Owners of the Company						
	Issued capital	Merger reserve*	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits/ (accumulated losses)*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 24)	*(Note 25 (a))*	*(Note 25 (b))*	*(Note 25 (c))*			
At 1 January 2010	31	10,000	7,003	70	—	(8,928)	8,176
Total comprehensive income	—	—	—	—	—	6,282	6,282
Capital contribution	—	1,000	—	—	—	—	1,000
At 31 December 2010 and 1 January 2011	31	11,000	7,003	70	—	(2,646)	15,458
Total comprehensive income	—	—	—	—	—	20,214	20,214
Transfer to reserves	—	—	—	1,282	—	(1,282)	—
At 31 December 2011 and 1 January 2012	31	11,000	7,003	1,352	—	16,286	35,672
Total comprehensive income	—	—	—	—	—	98,438	98,438
Capital contribution	—	2,800	—	—	—	—	2,800
Acquisition of equity interest in a subsidiary from controlling shareholders	—	(3,800)	—	—	—	—	(3,800)
Transfer to reserves	—	—	—	5,260	—	(5,260)	—
At 31 December 2012 and 1 January 2013	31	10,000	7,003	6,612	—	109,464	133,110
Profit for the period	—	—	—	—	—	95,996	95,996
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	—	—	—	—	2	—	2
Total comprehensive income	—	—	—	—	2	95,996	95,998
Acquisition of equity interest in a subsidiary from controlling shareholders	—	(11,000)	—	—	—	—	(11,000)
Transfer to reserves	—	—	—	1,193	—	(1,193)	—
At 31 August 2013	31	(1,000)	7,003	7,805	2	204,267	218,108
(Unaudited)							
At 31 December 2011 and 1 January 2012	31	11,000	7,003	1,352	—	16,286	35,672
Total comprehensive income	—	—	—	—	—	55,775	55,775
Capital contribution	—	2,800	—	—	—	—	2,800
Transfer to reserves	—	—	—	4,197	—	(4,197)	—
At 31 August 2012	31	13,800	7,003	5,549	—	67,864	94,247

* These reserve accounts comprise the consolidated reserves of RMB15,427,000, RMB35,641,000, RMB133,079,000 and RMB218,077,000 in the consolidated statements of financial position as at 31 December 2010, 2011 and 2012 and 31 August 2013, respectively.

Consolidated statements of cash flows

		Year ended 31 December			Eight months ended 31 August	
		2010	2011	2012	2012	2013
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		8,421	27,674	135,449	76,691	129,094
Adjustments for:						
Finance costs	8	3,597	11,752	15,463	9,746	11,477
Interest compensation	6	(1,677)	(8,266)	(3,614)	(2,998)	—
Interest income	6	(100)	(592)	(564)	(534)	(27)
Loss on disposal of items of property, plant and equipment	7	24	—	—	—	—
Depreciation	7	42	220	2,564	1,556	6,077
Recognition of prepaid land lease payments	7	90	263	263	175	364
		10,397	31,051	149,561	84,636	146,985
Increase in inventories		(8,749)	(42,625)	(50,608)	(22,582)	(137,998)
Decrease/(increase) in trade receivables		423	(16,854)	(45,787)	(94,895)	(36,773)
Decrease/(increase) in prepayments, deposits and other receivables		19,867	410	(20,432)	(5,311)	(14,728)
Increase/(decrease) in trade payables		(611)	12,270	29,214	63,196	11,278
Increase/(decrease) in other payables and accruals		2,336	29,178	2,480	6,192	(8,391)
Decrease in other long term liabilities		(1,945)	(1,137)	(168)	(111)	(111)
Cash generated from/(used in) operations		21,718	12,293	64,260	31,125	(39,738)
Interest received		100	592	564	534	27
PRC tax paid		—	(56)	(5,114)	(4,594)	(13,556)
Net cash flows from/(used in) operating activities		21,818	12,829	59,710	27,065	(53,267)

	Notes	Year ended 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	Eight months ended 31 August 2012 RMB'000 (Unaudited)	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	*13*	(4,652)	(27,672)	(20,290)	(10,714)	(39,142)
Additions to other intangible assets		—	—	—	—	(395)
Increase in prepayments for items of property, plant and equipment		(600)	(4,587)	—	—	(618)
Prepaid land lease payment	*14*	(12,781)	—	—	—	—
Decrease/(increase) in amounts due from a director		(600)	—	1,630	—	23
Decrease/(increase) in amounts due from a related party		—	(13,254)	12,867	(69,915)	—
Decrease/(increase) in prepayments, deposits and other receivables		(12,203)	6,648	(187,001)	(44,301)	100,398
Decrease/(increase) in time deposits and pledged deposits		(7,000)	(16,020)	27,000	38,600	—
Acquisition of a subsidiary from controlling shareholders		—	—	—	—	(11,000)
Net cash flows from/(used in) investing activities		(37,836)	(54,885)	(165,794)	(86,330)	49,266
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution		—	—	2,800	2,800	—
New interest-bearing bank and other borrowings		34,900	127,260	303,000	118,000	222,760
Increase in other payables and accruals		—	—	—	—	11,000
Increase in a balance due to the ultimate holding company		—	—	—	—	470
Increase in amounts due to a director		—	—	—	5,000	—
Repayment of interest-bearing bank and other borrowings		(19,850)	(49,650)	(207,510)	(62,510)	(180,760)
Increase in balances due to a related party		5,382	—	—	—	—
Interest paid	*8*	(4,302)	(12,022)	(14,505)	(9,746)	(11,477)
Net cash flows from financing activities		16,130	65,588	83,785	53,544	41,993

	Notes	Year ended 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	Eight months ended 31 August 2012 RMB'000 (Unaudited)	2013 RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		112	23,532	(22,299)	(5,721)	37,992
Cash and cash equivalents at beginning of year/period		886	998	24,530	10,430	2,231
Effect of foreign exchange rate changes, net		—	—	—	—	2
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*18*	998	24,530	2,231	4,709	40,225
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the statements of financial position	*18*	998	10,430	2,231	4,709	40,225
Time deposits with original maturity of less than three months when acquired, pledged as security for bank loans	*18*	—	14,100	—	—	—
Cash and cash equivalents as stated in the statements of cash flows		998	24,530	2,231	4,709	40,225

Statements of financial position of the Company

	31 December 2012 RMB'000	31 August 2013 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary — at cost	—	—
CURRENT ASSETS		
Due from a director	23	—
Prepayments, deposits and other receivables	8	—
Due from a subsidiary	—	470
Cash and cash equivalents	—	31
Total current assets	31	501
CURRENT LIABILITIES		
Due to a subsidiary	1,750	10,688
Due to the ultimate holding company	—	470
Total current liabilities	1,750	11,158
Net liabilities	(1,719)	(10,657)
EQUITY		
Issued capital	31	31
Reserves	(1,750)	(10,688)
Total equity	(1,719)	(10,657)

(II) NOTES TO THE FINANCIAL INFORMATION

1. Corporate information and reorganisation

The Company was incorporated in the Cayman Islands on 4 December 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The initial authorised share capital of the Company was US$50,000 divided into 100,000,000 shares of US$0.0005 each. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. It became the holding company of the Group as a result of the Reorganisation as described in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Group Structure" in the Prospectus.

The Group is principally engaged in the manufacture and sale of condiment products under the brand name of "Lao Heng He" in the People's Republic of China (the "PRC").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the section headed "History, Reorganization and Group Structure" in the Prospectus.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Date of incorporation/ registration	Place of incorporation/ registration and place of operations	Issued and paid-up/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Lao Heng He Group Limited	13 December 2012	Hong Kong	HK$1	100	—	Investment holding
Huzhou Chenshi Tian Niang Management Co., Limited (湖州陳氏天釀管理諮詢有限公司)	5 February 2013	The PRC/ Mainland China	HK$500,000	—	100	Management consulting
Huzhou Laohenghe Brewery Co., Limited (湖州老恒和釀造有限公司)	6 June 2005	The PRC/ Mainland China	RMB11,000,000	—	100	Manufacture and sale of condiment products
Huzhou Laohenghe Wine Co., Limited (湖州老恒和酒業有限公司)	20 July 2010	The PRC/ Mainland China	RMB38,000,000	—	100	Manufacture and sale of condiment products

The English names of the Company's subsidiaries which were registered in Mainland China represent the translated names of these companies as no English names have been registered.

As at the date of this report, no statutory audited financial statements have been prepared for the Company and its subsidiaries since their dates of incorporation as there are no statutory audit requirements for the Company under the relevant rules and regulations in its jurisdiction of incorporation. For the subsidiaries established in the PRC, the local authority has not required them to prepare audited financial statements during the Relevant Periods.

2.1. Basis of presentation

Pursuant to the Reorganisation as fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Group Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 15 March 2013. The companies now comprising the Group were under the common control of Chen Weizhong ("陳衛忠") and his wife ("the controlling shareholders") before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a consolidation basis by applying the principles of the pooling-of-interests method as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the eight months ended 31 August 2012 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012, and 31 August 2013 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

2.2. Basis of preparation

The Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB. All IFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except other long term liabilities, which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. Impact of issued but not effective IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Financial Information:

IFRS 9	*Financial Instruments**
IFRS 9, IFRS 7 and IAS 39 Amendments	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — *Investment Entities*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]
Annual Improvements Project	Annual Improvements to IFRSs 2010–2012 Cycle[#]
Annual Improvements Project	Annual Improvements to IFRSs 2011–2013 Cycle[#]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

* The mandatory effective date of IFRS 9 will be determined when the entire IFRS 9 is closer to completion

\# Generally for annual periods or transactions beginning on or after 1 July 2014, although entities are permitted to apply them earlier

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39: *Financial Instruments Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

The IAS 36 Amendments requires additional information about the recoverable amount of the asset and the fair value measurement when the recoverable account of impaired assets is based on fair value less costs of disposal, for which an impairment loss has been recognized or recorded during the period.

The Group expects to adopt these new or revised IFRS upon mandatory effective dates and is in the process of making an assessment of the impact of these new and revised IFRSs on the Group's results of operations and financial position upon initial application. So far, the Group considers that these new and revised IFRS and IFRICs are unlikely to have any significant impact on the Group's results of operations and financial position.

4. Summary of significant accounting policies

The principal accounting policies adopted by the Group in arriving at the Financial Information set out in this report are set out below. These policies have been consistently applied throughout the Relevant Periods unless otherwise stated.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the pooling-of-interests method.

The pooling-of-interests method involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the consolidating entities or businesses are consolidated using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control consolidation.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for an equity transaction.

Subsidiaries

A subsidiary is an entity (including a structured entity) controlled by the Company and/or its other subsidiaries.

The Group controls an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., the existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described above.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5%
Machinery and equipment*	5% to 20%
Furniture and fixtures	20% to 33$\frac{1}{3}$%
Motor vehicles	20%

* Included in the machinery and equipment are earthen jars, for which the estimated useful life is 20 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding its economic useful life, commencing from the date when the products are put into commercial production.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statements on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investment and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

— the rights to receive cash flows from the asset have expired; or

— the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and

— the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amount due to a related party, amount due to the ultimate holding company and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when services have been completed; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee retirement benefits

As stipulated by the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The contributions are recognised as expenses when the Company consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

Early retirement and retirement benefits

During the fiscal 2005 restructuring, the Group undertook the expense related to both the retirement and the early retirement schemes for the medical and social welfare of those early retired and retired employees as of 30 June 2005. The Group recognises the relevant estimated liabilities as well as charges to the income statement once the Group undertakes the obligations. These benefits are unfunded.

Where these schemes fall due more than 12 months after the statement of financial position, they shall be discounted using the appropriate discount rate, and carried at discounted amount as liabilities. The discount rate is determined using the yield rate of government bonds with similar terms at the date of the financial statements.

Actuarial gains or losses include the experience adjustment (the impact of difference between previous actuarial assumption and actual results) and the impact of changes on actuarial assumption. The actuarial gains or losses are recognised in other comprehensive income when incurred and will not be reclassified to profit or loss in a subsequent period.

Interest expense is charged to the income statement which is derived from the discount rate which is determined at the commencement of retirement scheme within an accounting period and early retirement scheme multiplying with average present value over the entire terms.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The financial statements are presented in Renminbi, which is also adopted by the Company as the presentation currency of the Group. The Company's functional currency is Hong Kong dollars ("HK$"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain Hong Kong and overseas subsidiaries are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Renminbi at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of Hong Kong and overseas subsidiaries are translated into Renminbi at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of Hong Kong and overseas subsidiaries which arise throughout the year are translated into Renminbi at the weighted average exchange rates for the year.

Significant accounting judgement and estimates

The preparation of the Group's Financial Information and the Interim Comparative Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in this report:

Tax provision

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in tax legislation and practices.

Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

Deferred tax liabilities for withholding taxes

Deferred tax liabilities have not been established for income tax and withholding tax that would not be payable on certain undistributed earnings of the subsidiaries in Mainland China if the directors consider that the timing of the reversal of the related temporary differences in relation to the undistributed earnings of the subsidiaries in Mainland China can be controlled and such temporary differences will not be reversed in the foreseeable future. For those undistributed earnings of the subsidiaries in Mainland China that are considered to be repatriated and distributed by way of dividends, the related deferred tax liabilities would have been recognised.

Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the repair and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances. Relevant carrying amounts of the property, plant and equipment were disclosed in Note 13.

Impairment of trade and other receivables

The policy for provision for impairment losses of the Group is based on the evaluation of collectibility, the aged analysis of trade and other receivables and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the provision required involves management's judgement and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which such estimate has been changed.

Early retirement and retirement benefits

The Group had recognized the early retirement and retirement benefits as a liability. The initial recognition of early retirement and retirement benefits is measured at the best estimate of the expenditure required to settle early-retired and retired employees. When the Group determines the best estimate, it takes into account headcount changes of early-retired and retired employees, effect on future expenditure arising from inflation of prices and other factors. When selecting proper discount rate, the Group takes into account the average period of future payment for early retirement and retirement benefits and other factors. The difference between the actuarial assumptions and actual results will have impact on the relevant accounting estimation. Although the management considered that the above assumptions are reasonable, any changes in assumption may affect the amount of provision for early retirement and retirement benefits. The assumptions that the Group used in measuring the early retirement and retirement benefits are disclosed in note 23.

5. Operating segment information

The Group is principally engaged in the manufacturing and sale of condiment products. For management purposes, the Group operates in one business unit and has one reportable operating segment as follows:

- The food segment manufactures and sells condiment products.

As all of the Group's revenue is derived from sales of their products to the customers in the PRC and all of the Group's identifiable non-current assets are located in the PRC, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

Revenue amounting to 10 percent or more of the Group's revenue derived from sales to a single customer for the Relevant Periods and the eight months ended 31 August 2012 is set out in the following table:

	Year ended 31 December			Eight months ended 31 August	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A	—*	5,610*	45,831	24,157	67,415
Customer B	—*	5,213*	51,522	26,994	46,867
Customer C	—*	—*	4,116*	57*	44,863
Customer D	—*	4,484*	44,183	24,977	38,232
Customer E	—*	2,499*	39,865	22,015	33,849
Customer F	—*	2,202*	30,134*	11,577*	29,502*
Customer G	—*	4,298*	11,237*	10,535*	12,208*
Customer H	—*	3,684*	34,352	13,972*	8,404*
Customer I	30,749	45,333	4,931*	3,873*	606*
	30,749	73,323	266,171	138,157	281,946

* *Revenue from these customers in the relevant periods did not exceed 10 percent of the Group's revenue.*

6. Revenue and other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue and other income is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue					
Sale of goods	32,539	109,492	337,125	188,327	322,862
Rendering of services	3,758	—	—	—	—
	36,297	109,492	337,125	188,327	322,862
Other income and gains					
Subsidy received	212	210	135	62	2,478
Rental income	—	—	—	—	318
Gain from sales of materials	6	1,205	725	563	161
Interest income	100	592	564	534	27
Interest compensation *(note 32(b)(iii))*	1,677	8,266	3,614	2,998	—
Others	39	241	13	5	32
	2,034	10,514	5,051	4,162	3,016

7. Profit before tax

The Group's profit before tax is arrived at after charging:

		Year ended 31 December			Eight months ended 31 August	
		2010	2011	2012	2012	2013
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of inventories sold		22,910	63,250	144,226	80,770	130,250
Depreciation	*13*	42	220	2,564	1,556	6,077
Auditors' remuneration**		—	—	—	—	—
Recognition of prepaid land lease payments	*14*	90	263	263	175	364
Minimum lease payments under operating leases:						
Plant and machinery		500	500	763	438	225
Office buildings		—	—	775	517	—
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 9)):*						
Wages and salaries		766	2,821	9,030	3,969	6,834
Pension scheme contributions		52	297	1,031	558	964
		818	3,118	10,061	4,527	7,798
Research and development costs — current year expenditure		—	—	12,191	5,765	23,120
Donations*		1,050	20	10	—	—
Loss on disposal of items of property, plant and equipment*		24	—	—	—	—

* Items classified under "other expenses" in the consolidated income statements.

** No auditors' remuneration was recorded during the Relevant Periods as no statutory audit was required for the Company and its subsidiaries with details as disclosed in note 1 to this report.

8. Finance costs

An analysis of finance costs is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on bank and other borrowings wholly repayable within five years	1,920	3,486	11,849	6,748	11,477
Interest on bank acceptance bills	1,677	8,266	3,614	2,998	—
	3,597	11,752	15,463	9,746	11,477

9. Director's and chief executive's remuneration

Director's and chief executive's remuneration, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	—	—	80	40	80
Pension scheme contributions	—	—	4	2	4
	—	—	84	42	84
Total	—	—	84	42	84

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010				
Executive director and chief executive:				
Chen Weizhong (陳衛忠)	—	—	—	—
	—	—	—	—
Year ended 31 December 2011				
Executive director and chief executive:				
Chen Weizhong (陳衛忠)	—	—	—	—
	—	—	—	—
Year ended 31 December 2012				
Executive director and chief executive:				
Chen Weizhong (陳衛忠)	—	80	4	84
	—	80	4	84
Eight months ended 31 August 2013				
Executive director and chief executive:				
Chen Weizhong (陳衛忠)	—	80	4	84
	—	80	4	84
Eight months ended 31 August 2012 (Unaudited)				
Executive director and chief executive:				
Chen Weizhong (陳衛忠)	—	40	2	42
	—	40	2	42

There was no arrangement under which the director and chief executive waived or agreed to waive any remuneration during the Relevant Periods and the eight months ended 31 August 2012.

10. Five highest paid employees

The number of directors included in the five highest paid employees of the Group for the Relevant Periods and the eight months ended 31 August 2012 are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2010	**2011**	**2012**	**2012**	**2013**
Number of directors included in the five highest paid employees	—	—	1	1	1

Details of the remuneration of the remaining, highest paid employees who are neither a director nor chief executive of the Group for the Relevant Periods and the eight months ended 31 August 2012 are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Salaries, allowances and benefits in kind	122	121	277	156	226
Pension scheme contributions	10	29	24	14	15
	132	150	301	170	241

The number of these non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2010	**2011**	**2012**	**2012**	**2013**
Nil to HK$1,000,000	5	5	4	4	4

11. Income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Group was not subject to any income tax in the Cayman Islands.

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% on the taxable profits, based on the existing legislation, interpretations and practices in respect thereof.

	Year ended 31 December			Eight months ended 31 August	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Group:					
Current — PRC					
Charge for the year	1,780	7,274	32,782	18,573	31,187
Deferred *(note 22)*	359	186	4,229	2,343	1,911
Total tax charge for the year	2,139	7,460	37,011	20,916	33,098

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for the jurisdiction where most of the Company's subsidiaries are located to the tax expense at the effective tax rate for each of the Relevant Period is as follows:

	Year ended 31 December						Eight months ended 31 August			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Profit before tax	8,421		27,674		135,449		76,691		129,094	
Tax at the statutory tax rate	2,105	25.0	6,919	25.0	33,862	25.0	19,173	25.0	32,273	25.0
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	—	—	494	1.8	2,933	2.2	1,605	2.1	2,890	2.2
Income not subject to tax	—	—	—	—	—	—	—	—	(544)	(0.4)
Tax incentive on eligible expenditures	—	—	—	—	—	—	—	—	(1,528)	(1.2)
Expenses not deductible for tax	34	0.4	47	0.2	216	0.1	138	0.2	7	—
Tax charge at the Group's effective tax rate	2,139	25.4	7,460	27.0	37,011	27.3	20,916	27.3	33,098	25.6

12. Earnings per share attributable to equity holders of the Company

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on a consolidated basis as disclosed in note 2.1 above.

13. **Property, plant and equipment**

Group

	Buildings	Machinery and equipment	Furniture and fixtures	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2010					
At 1 January 2010:					
Cost	—	1,986	55	—	2,041
Accumulated depreciation	—	(1,837)	(52)	—	(1,889)
Net carrying amount	—	149	3	—	152
At 1 January 2010, net of accumulated depreciation	—	149	3	—	152
Additions	2,914	10	—	1,728	4,652
Disposals	—	(24)	—	—	(24)
Depreciation provided during the year	—	(42)	—	—	(42)
At 31 December 2010, net of accumulated depreciation	2,914	93	3	1,728	4,738
At 31 December 2010:					
Cost	2,914	1,523	55	1,728	6,220
Accumulated depreciation	—	(1,430)	(52)	—	(1,482)
Net carrying amount	2,914	93	3	1,728	4,738
31 December 2011					
At 31 December 2010 and at 1 January 2011:					
Cost	2,914	1,523	55	1,728	6,220
Accumulated depreciation	—	(1,430)	(52)	—	(1,482)
Net carrying amount	2,914	93	3	1,728	4,738
At 1 January 2011, net of accumulated depreciation	2,914	93	3	1,728	4,738
Additions	8	7,785	4	19,875	27,672
Depreciation provided during the year	(154)	(65)	(1)	—	(220)
Transfers	21,603	—	—	(21,603)	—
At 31 December 2011, net of accumulated depreciation	24,371	7,813	6	—	32,190
At 31 December 2011:					
Cost	24,525	9,308	59	—	33,892
Accumulated depreciation	(154)	(1,495)	(53)	—	(1,702)
Net carrying amount	24,371	7,813	6	—	32,190

Group

	Buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2012						
At 31 December 2011 and at 1 January 2012;						
Cost	24,525	9,308	59	—	—	33,892
Accumulated depreciation	(154)	(1,495)	(53)	—	—	(1,702)
Net carrying amount	24,371	7,813	6	—	—	32,190
At 1 January 2012, net of accumulated depreciation	24,371	7,813	6	—	—	32,190
Additions	65,688	18,961	3,912	2,028	11,254	101,843
Depreciation provided during the year	(1,307)	(1,212)	(45)	—	—	(2,564)
Transfers	3,382	7,843	—	—	(11,225)	—
At 31 December 2012, net of accumulated depreciation	92,134	33,405	3,873	2,028	29	131,469
At 31 December 2012:						
Cost	93,595	36,112	3,971	2,028	29	135,735
Accumulated depreciation	(1,461)	(2,707)	(98)	—	—	(4,266)
Net carrying amount	92,134	33,405	3,873	2,028	29	131,469
31 August 2013						
At 31 December 2012 and at 1 January 2013;						
Cost	93,595	36,112	3,971	2,028	29	135,735
Accumulated depreciation	(1,461)	(2,707)	(98)	—	—	(4,266)
Net carrying amount	92,134	33,405	3,873	2,028	29	131,469
At 1 January 2013, net of accumulated depreciation	92,134	33,405	3,873	2,028	29	131,469
Additions	2,012	2,209	—	—	34,921	39,142
Depreciation provided during the period	(3,064)	(2,232)	(281)	(500)	—	(6,077)
Transfers	22,786	—	—	—	(22,786)	—
At 31 August 2013, net of accumulated depreciation	113,868	33,382	3,592	1,528	12,164	164,534
At 31 August 2013:						
Cost	118,393	38,321	3,971	2,028	12,164	174,877
Accumulated depreciation	(4,525)	(4,939)	(379)	(500)	—	(10,343)
Net carrying amount	113,868	33,382	3,592	1,528	12,164	164,534

The Group had not obtained ownership certificates of certain buildings with a net carrying amount of RMB27,818,000 as at 31 December 2012, which had been subsequently obtained by 28 February 2013.

As at 31 December 2012, certain of the Group's buildings with a net carrying amount of approximately RMB17,096,000 were pledged to secure bank loans granted to Zhejiang Zhongwei Brewing Co., Limited ("浙江中味釀造有限公司"), a former related company (31 December 2010 and 2011: Nil). The pledge had been subsequently released by 22 February 2013.

14. Prepaid land lease payments

Group

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	—	12,691	12,428	24,336
Additions during the year/period	12,781	—	12,171	—
Recognised during the year/period	(90)	(263)	(263)	(364)
Carrying amount at 31 December	12,691	12,428	24,336	23,972
Less: Current portion included in prepayments, deposits and other receivables	(263)	(263)	(546)	(546)
Non-current portion	12,428	12,165	23,790	23,426

The leasehold land is situated in Mainland China and is held under a long term lease.

The Group had not obtained ownership certificates of certain land use rights with a net carrying amount of RMB4,200,000 as at 31 December 2012, which had been subsequently obtained by 28 February 2013.

As at 31 December 2012, certain of the Group's leasehold land with a net carrying amount of approximately RMB10,350,000 was pledged to secure bank loans granted to Zhejiang Zhongwei Brewing Co., Limited ("Zhong Wei"), a former related company (31 December 2010 and 2011: Nil). The pledge had been subsequently released by 22 February 2013.

15. Inventories

Group

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	9,206	3,697	6,353	21,012
Work in progress	10,803	57,271	101,894	228,573
Finished goods	1,356	3,022	6,351	3,011
	21,365	63,990	114,598	252,596

Certain of the Group's inventories with a net carrying amount of approximately RMB34,437,000 and RMB65,715,000 were pledged to secure bank loans granted to the Group as at 31 December 2012 and 31 August 2013, respectively (31 December 2010 and 2011: Nil) (note 21).

16. Trade and bills receivables

Group

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	373	17,227	63,014	99,787
Bills receivable	40,340	40,800	15,400	—
Impairment	—	—	—	—
Total	40,713	58,027	78,414	99,787

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

At 31 December 2010, 2011, 2012 and 31 August 2013, an aged analysis of the trade receivables, based on the invoice date, is as follows:

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	—	6,398	37,066	50,722
31 to 90 days	—	9,777	20,481	48,130
91 to 180 days	—	988	3,340	675
181 to 360 days	—	—	1,920	260
Over 1 year	373	64	207	—
	373	17,227	63,014	99,787

An aged analysis of the trade receivables, based on the credit terms, that are neither individually nor collectively considered to be impaired, is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	< 90 days	91 to 180 days	181 to 360 days	Over 1 year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2010	373	—	—	—	—	373
31 December 2011	17,227	16,175	988	—	—	64
31 December 2012	63,014	57,554	3,494	910	871	185
31 August 2013	99,787	95,663	3,834	290	—	—

The trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

The trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Bills receivable of RMB40,340,000, RMB40,800,000 and RMB15,400,000 as at 31 December 2010, 2011 and 2012 (31 August 2013: Nil) were discounted to banks in exchange for cash and included as "Bank advances for discounted bills" in note 21 to the Financial Information. The bank acceptance bills were all due from a former related party and had been settled by 21 February 2013. Details of the discounted bills are disclosed in note 33.

17. Prepayments, deposits and other receivables

Group

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	4,451	2,914	21,464	19,045
Deposits and other receivables	28,224	53,703	106,084	22,833
	32,675	56,617	127,548	41,878

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

18. Cash and cash equivalents and pledged deposits

		31 December			31 August
		2010	2011	2012	2013
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances		998	10,430	2,231	40,225
Time deposits		11,000	41,120	20	20
		11,998	51,550	2,251	40,245
Less:					
Pledged time deposits for bank loans	*21(b)(i)*	(1,000)	(15,100)	—	—
Pledged time deposits for bank acceptance bills	*19*	(6,000)	(21,000)	—	—
Non-pledged time deposit with original maturity of over six months when acquired		(4,000)	(5,020)	(20)	(20)
Cash and cash equivalents		998	10,430	2,231	40,225

As at 31 December 2010, 2011, 2012 and 31 August 2013, the cash and bank balances of the Group denominated in RMB amounted to RMB998,000, RMB10,430,000, RMB2,231,000 and RMB40,124,000, respectively.

RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one month to six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

19. Trade and bills payables

At 31 December 2010, 2011, 2012 and 31 August 2013, an aged analysis of the trade and bills payables, based on the invoice date, is as follows:

Group

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	4,679	14,971	33,373	42,694
3 to 6 months	1,353	2,334	7,283	8,749
Over 6 months	588	1,585	7,448	7,939
Trade payables	6,620	18,890	48,104	59,382
Bills payables	16,000	47,000	—	—
Trade and bills payables	22,620	65,890	48,104	59,382

Trade payables of the Group include a trading balance due to related parties of RMB3,522,000 as at 31 December 2011 (31 December 2010 and 2012 and 31 August 2013: Nil). The balance due to the related parties is unsecured, interest-free and repayable in accordance with normal commercial terms.

The trade payables are non-interest-bearing and are normally settled on terms of one to three months. The carrying amounts of the trade payables approximate to their fair values.

As at 31 December 2010 and 2011, bills payable of the Group include a balance due to a related party of RMB16,000,000 and RMB7,000,000, respectively (31 December 2012 and 31 August 2013: Nil). The balance due to the related party is unsecured, interest-free and repayable in accordance with normal commercial terms.

The bills are secured by pledged time deposits amounting to RMB6,000,000 and RMB21,000,000 as at 31 December 2010 and 2011, respectively (31 December 2012 and 31 August 2013: Nil) (note 18).

20. Other payables and accruals

Group

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers	19	1,464	6,518	—
Other payables	2,505	30,158	25,691	35,958
Accruals	212	292	2,185	1,045
	2,736	31,914	34,394	37,003

All these balances are non-interest-bearing and other payables have an average term of three months.

21. Interest-bearing bank and other borrowings

	31 December 2010			31 December 2011			31 December 2012			31 August 2013		
	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount
	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000
Current												
Bank borrowings — secured	4.43–8.53	2011	22,900	6.10–8.53	2012	100,510	5.88–8.53	2013	186,000	5.88–8.53	2013–2014	238,000
Other borrowings — secured	21.60	2011	5,000	21.60	2012	5,000	20.00	2013	5,000	19.20	2013	5,000
Bank advances for discounted bills *(note 16)*	N/A	2011	40,340	N/A	2012	40,800	N/A	2013	15,400	N/A	N/A	—
			68,240			146,310			206,400			243,000
Non-current												
Bank borrowings — secured			—			—	8.53	2014	10,000			—
			—			—			10,000			—
			68,240			146,310			216,400			243,000

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank borrowings repayable:				
Within one year	63,240	141,310	201,400	238,000
In the second year	—	—	10,000	—
	63,240	141,310	211,400	238,000
Other borrowings repayable:				
Within one year	5,000	5,000	5,000	5,000
	5,000	5,000	5,000	5,000
	68,240	146,310	216,400	243,000

(a) The Group's bank facilities amounted to RMB68,240,000, RMB146,310,000, RMB233,200,000 and RMB324,800,000 of which RMB68,240,000, RMB146,310,000, RMB216,400,000 and RMB243,000,000 had been utilised as at 31 December 2010, 2011 and 2012 and 31 August 2013, respectively.

(b) The Group's bank and other borrowings were secured by:

(i) the pledge of certain of the Group's time deposits amounting to RMB1,000,000 and RMB15,100,000 as at 31 December 2010 and 2011, respectively (31 December 2012 and 31 August 2013: Nil) (note 18);

(ii) the pledge of certain of the Group's inventories with a net carrying amounting to RMB34,437,000 and RMB65,715,000 as at 31 December 2012 and 31 August 2013, respectively (31 December 2010 and 2011: Nil) (note 15); and

(iii) the guarantee of the controlling shareholders and a former related party amounting to RMB20,000,000, RMB75,000,000 and RMB103,000,000 and RMB74,000,000 as at 31 December 2010, 2011 and 2012 and 31 August 2013, respectively (note 32(c)).

All the Group's bank and other borrowings are denominated in RMB. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

22. Deferred tax

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

	Tax losses	Unrealised profits/(losses) on inventory	Withholding tax paid on dividends distributed	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	368	—	—	368
Debited to the consolidated income statements *(note 11)*	(359)	—	—	(359)
Net deferred tax assets at 31 December 2010 and 1 January 2011	9	—	—	9
Credited/(debited) to the consolidated income statements *(note 11)*	(9)	317	(494)	(186)
Net deferred tax liabilities at 31 December 2011 and 1 January 2012	—	317	(494)	(177)
Debited to the consolidated income statements *(note 11)*	—	(1,296)	(2,933)	(4,229)
Net deferred tax liabilities at 31 December 2012 and 1 January 2013	—	(979)	(3,427)	(4,406)
Credited/(debited) to the consolidated income statements *(note 11)*	—	979	(2,890)	(1,911)
Net deferred tax liabilities at 31 August 2013	—	—	(6,317)	(6,317)

Pursuant to the Corporate Income Tax Law of the People's Republic of China, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2011, 2012 and 31 August 2013, the Group has not recognised deferred tax liabilities of RMB1,152,000, RMB7,996,000 and RMB14,739,000 in respect of temporary differences relating to the unremitted profits of subsidiaries, amounting to RMB11,525,000, RMB79,961,000 and RMB147,391,000, that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

23. Other long term liabilities

The actuarial liabilities existing in relation to the retirement benefit obligations for employees who retired prior to the acquisition of Huzhou Laohenghe Brewery Co., Limited by the controlling shareholders and the early retirement obligations for employees who early retired were RMB6,358,000, RMB5,221,000, RMB5,053,000 and RMB4,942,000 as at 31 December 2010, 2011, 2012 and 31 August 2013, respectively. The benefit obligations arising from the plans were unfunded.

(a) The movements of the actuarial liabilities recognised in the statements of financial position are as follows:

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	6,775	6,358	5,221	5,053
Benefits paid	(417)	(1,137)	(168)	(111)
As at end of year/period	6,358	5,221	5,053	4,942

(b) The discount rates and the principal actuarial assumptions for the above obligations are as follows:

	31 December			31 August
	2010	2011	2012	2013
Discount rate:				
Medical benefits	3.9%	3.4%	3.6%	4.0%
Survivor pension	3.6%–4.1%	3.0%–3.7%	3.2%–3.9%	3.9%–4.1%
Average annual benefit increase:				
Medical benefits	0%–4%	0%–4%	0%–4%	0%–4%
Survivor pension	15%	15%	15%	15%

24. Issued capital

The Company was incorporated in the Cayman Islands on 4 December 2012. As at 31 August 2013, the Company had no distributable reserve.

Save for the aforesaid, the Company has not conducted any business since its date of incorporation.

	31 December 2012	31 August 2013
	USD'000	USD'000
Authorised:		
100,000,000 ordinary shares of US$0.0005 each	50	50

	31 December 2012	31 August 2013
	RMB'000	RMB'000
Issued:		
10,000,000 ordinary shares of US$0.0005 each	31	31
Fully paid:		
10,000,000 ordinary shares of US$0.0005 each	—	31

25. Reserves

Group

The amounts of the Group's reserves and the movements therein during the Relevant Periods and the eight months ended 31 August 2012 are presented in the consolidated statements of changes in equity.

(a) Merger reserve

The merger reserve represents the difference between the Company's share of the nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the Reorganisation as detailed in note 1 above.

(b) Capital reserve

Capital reserve arose from the capital contribution by the controlling shareholders of the Company.

(c) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(d) The amounts of the Company's reserves and the movements therein during the Relevant Periods are presented as follows:

	Accumulated losses
	RMB'000
Upon incorporation	—
Loss for the period since its incorporation	(1,750)
At 31 December 2012 and 1 January 2013	(1,750)
Loss for the period	(8,938)
At 31 August 2013	(10,688)

26. Contingent liabilities

During the years ended 31 December 2010, 2011 and 2012, the Group discounted bank acceptance bills to various third parties. The unexpired bank acceptance bills amounted to RMB23,000,000 as at 31 December 2010 (31 December 2011, 2012 and 31 August 2013: Nil). The bank acceptance bills were all due from a related party and had been settled by 27 March 2011.

27. Pledge of assets

Details of the Group's bank loans and bank advances for discounted bills, and bills payables, which are secured by the assets of the Group, are included in notes 21 and 19, respectively, to the financial statements.

28. Acquisition of a subsidiary

On 20 October 2012, the Group acquired 100% equity interest in Huzhou Wu Xing Wu Cheng Wine Company ("Wu Cheng Wine"), a company spun off from Zhong Wei with assets of manufacturing facilities, production equipment, a land use right, an office building and an equivalent amount of current liabilities, at no consideration. As at the date of the acquisition, the carrying amounts of the properties, plants and equipment, the prepaid land lease payments and other payables as shown in the management accounts of Wu Cheng Wine amounted to RMB76,470,000, RMB12,171,000 and RMB88,641,000, respectively.

The acquisition of Wu Cheng Wine was not accounted for as a business combination but an asset acquisition as Wu Cheng Wine did not include the essential elements to qualify as a business, and the consideration of the acquisition was the fair value of the current liabilities, which approximated to the carrying amounts of RMB88,641,000. Further details of the transaction are included in note 29 below.

29. Major non-cash transactions

1. In 2012, the Group acquired assets from Zhong Wei (note 28) by taking up debts of Zhong Wei amounting to RMB88,641,000;

2. In 2012, the Group offset its amounts due from Zhong Wei and due from a third party against its relevant debts due to Zhong Wei and a third party of RMB88,641,000 in aggregate.

30. Operating lease arrangements

The Group leases certain of its properties and equipment under operating lease arrangements. Leases for properties and equipment are negotiated for terms ranging between one to five years.

At 31 December 2010, 2011, 2012 and 31 August 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	500	500	317	317
In the second to fifth years, inclusive	500	—	840	810
	1,000	500	1,157	1,127

31. Commitments

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the end of the Relevant Periods:

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Plant and machinery	15,000	4,960	—	7,700
Advertising contracts	7,923	9,530	9,115	1,290
	22,923	14,490	9,115	8,990

32. Related party transactions

In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the eight months ended 31 August 2012:

(a) Name of and relationship with related parties

Name of related parties	Relationship
Chen Weizhong (陳衛忠)	controlling shareholder
Xing Liyu (邢利玉)	Spouse of Chen Weizhong, collectively the controlling shareholders
Zhejiang Zhongwei Brewing Co., Limited*	Company controlled by controlling shareholders
Yilong Zhongwei Food Co., Limited* (“儀隴縣中味食品有限公司”)	Company controlled by controlling shareholders
Anji Zhongwei Food Co., Limited** (“安吉中味食品有限公司”)	Company controlled by controlling shareholders
Key Shine Global Holdings Limited	Ultimate holding company

* Zhejiang Zhongwei Brewing Co., Limited and Yilong Zhongwei Food Co., Limited were no longer the Group's related party following the disposal by controlling shareholders to a third party on 27 December 2012.

** Anji Zhongwei Food Co., Limited was no longer the Group's related party following its disposal by controlling shareholders to a third party on 30 November 2012.

(b) Significant related party transactions during the Relevant Periods and the eight months ended 31 August 2012 are as follows:

		Year end 31 December			Eight months ended 31 August	
		2010	2011	2012	2012	2013
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sale of products to:	*(i)*					
Zhong Wei		30,749	45,333	4,931	3,873	N/A
Sale of materials and work-in-progress to:	*(i)*					
Zhong Wei		—	2,113	859	731	N/A
Anji Zhongwei Food Co., Limited		517	371	467	463	N/A
Rendering of processing services to:	*(ii)*					
Zhong Wei		3,758	—	—	—	N/A
Interest compensation from	*(iii)*					
Zhong Wei		1,677	8,266	3,614	2,998	N/A
Purchase of materials, work-in-progress and finished goods from:	*(i)*					
Zhong Wei		12,354	41,695	16,930	4,797	N/A
Anji Zhongwei Food Co., Limited		544	909	3,016	3,016	N/A
Yilong Zhongwei Food Co., Limited		7	3,231	4,701	319	N/A
Purchase of assets from:						
Zhong Wei	*(iv)*	—	—	88,641	—	N/A
Properties and equipment rental fee paid to:						
Zhong Wei	*(v)*	500	500	1,275	850	N/A
Anji Zhongwei Food Co., Limited	*(vi)*	—	—	40	—	N/A

Notes:

(i) The sales to and purchases from related parties were on prices and conditions as mutually agreed.

(ii) The processing service income was based on the direct costs incurred, plus a mark-up.

(iii) The interest compensation from Zhong Wei was to compensate for the interest on bank acceptance bills as disclosed in note 8.

(iv) The Group purchased properties, equipment, motor vehicles, furniture and fixtures, and land use rights from Zhong Wei amounting to RMB88,641,000, based on the considerations and terms agreed between the Group and Zhong Wei.

(v) The Group rented the plant facilities owned by Zhong Wei at an annual charge of RMB500,000 for the years of 2010, 2011 and 2012. The Group rented the office buildings owned by Zhong Wei at an annual charge of RMB775,000 for the year 2012. The relevant plant facilities and office buildings were acquired by the Group in December 2012, as mentioned in note (iv) above.

(vi) The Group rented the warehouse of Anji Zhongwei Food Co., Limited at an annual charge of RMB40,000.

(c) Provision of guarantees by related parties

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings guaranteed by:				
Zhong Wei	5,000	—	—	N/A
Chen Weizhong and Xing Liyu*	15,000	75,000	103,000	74,000
	20,000	75,000	103,000	74,000

* The guarantees had been subsequently released with the maturity of the relevant loans by 27 December 2013.

(d) Amount due from/to a related party

	31 December 2010	Maximum amount outstanding	31 December 2011	Maximum amount outstanding	31 December 2012	Maximum amount outstanding	31 August 2013	Maximum amount outstanding
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amount due from:								
Zhong Wei	—	—	12,867	12,867	N/A	N/A	N/A	N/A

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Amount due to:				
Zhong Wei	8,923	—	N/A	N/A

The balances with the related party were non-trade in nature, unsecured, interest-free and repayable on demand.

Details of the Group's trade balances with its related party as at the Relevant Periods are disclosed in note 19 to the Financial Information.

The carrying amounts of the balances with the related party were related to a party for whom there was no recent history of default.

The carrying amounts of the balances with the related party approximate to their fair values.

(e) Amount due from a director

	31 December 2010	Maximum amount outstanding	31 December 2011	Maximum amount outstanding	31 December 2012	Maximum amount outstanding	31 August 2013	Maximum amount outstanding
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Due from a director:								
Chen Weizhong	1,653	1,653	1,653	1,653	23	1,653	—	23

The amount due from a director was non-trade in nature, unsecured, interest-free and repayable on demand. The carrying amount of the balance approximated to its fair value.

(f) Due to the ultimate holding company

As disclosed in the consolidated statement of financial position, the Group had an outstanding balance due to its ultimate holding company of RMB470,000 as at 31 August 2013. The balance was unsecured, interest-free and repayable on demand.

(g) Compensation of key management personnel of the Group, including directors' remuneration as detailed in note 9 above.

	Year end 31 December			Eight months ended 31 August	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	—	—	288	144	288
Pension scheme contributions	—	—	18	9	19
Total compensation paid to key management personnel	—	—	306	153	307

Further details of directors' and chief executive's emoluments are included in note 9 above.

(h) The Group used Chen Weizhong's trade-secret cooking wines recipes for no consideration during the Relevant Periods. On 1 January 2013, Chen Weizhong and Huzhou Laohenghe Brewery Co., Limited entered into a licensing agreement, whereby Chen Weizhong agreed to grant Huzhou Laohenghe Brewery Co., Limited and its subsidiary and any future newly set up subsidiaries an exclusive right to use Chen Weizhong's trade-secret cooking wines recipes for no consideration. On 23 August 2013, Mr. Chen entered into a Recipes Transfer Agreement with Huzhou Laohenghe Brewery Co., Limited to transfer the trade-secret cooking wines recipes to Huzhou Laohenghe Brewery Co., Limited for consideration of RMB1.

(i) Chen Weizhong has undertaken to indemnify the Group all possible liabilities and losses in connection with the non-registration of leased properties, bill financing, and taxation claims.

33. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the date of statements of financial position are as follows:

31 December 2010	**Loans and receivables**
Group	**RMB'000**
Financial assets	
Trade and bills receivables	40,713
Financial assets included in deposits and other receivables	28,211
Due from a director	1,653
Time deposits	4,000
Pledged deposits	7,000
Cash and cash equivalents	998
Loans and receivables	82,575

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities	
Trade and bills payables	22,620
Financial liabilities included in other payables and accruals	1,823
Interest-bearing bank and other borrowings	68,240
Due to a related party	8,923
Financial liabilities at amortised cost	101,606

31 December 2011	**Loans and receivables**
Group	**RMB'000**
Financial assets	
Trade and bills receivables	58,027
Financial assets included in deposits and other receivables	52,938
Due from a director	1,653
Due from a related party	12,867
Time deposits	5,020
Pledged deposits	36,100
Cash and cash equivalents	10,430
Loans and receivables	177,035

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities	
Trade and bills payables	65,890
Financial liabilities included in other payables and accruals	28,178
Interest-bearing bank and other borrowings	146,310
Financial liabilities at amortised cost	240,378

31 December 2012 Group	Loans and receivables RMB'000
Financial assets	
Trade and bills receivables	78,414
Financial assets included deposits and other receivables	100,429
Due from a director	23
Time deposits	20
Cash and cash equivalents	2,231
Loans and receivables	181,117

	Financial liabilities at amortised cost RMB'000
Financial liabilities	
Trade and bills payables	48,104
Financial liabilities included in other payables and accruals	17,328
Interest-bearing bank and other borrowings	216,400
Financial liabilities at amortised cost	281,832

31 August 2013 Group	Loans and receivables RMB'000
Financial assets	
Trade and bills receivables	99,787
Financial assets included deposits and other receivables	198
Time deposits	20
Cash and cash equivalents	40,225
Loans and receivables	140,230

	Financial liabilities at amortised cost RMB'000
Financial liabilities	
Trade and bills payables	59,382
Financial liabilities included in other payables and accruals	23,591
Interest-bearing bank and other borrowings	243,000
Due to the ultimate holding company	470
Financial liabilities at amortised cost	326,443

31 December 2010	**Loans and receivables**
Company	**RMB'000**
Financial assets	
Due from a director	23
Financial assets included deposits and other receivables	8
Loans and receivables	31

31 December 2011	**Loans and receivables**
Company	**RMB'000**
Financial assets	
Due from a director	23
Financial assets included deposits and other receivables	8
Loans and receivables	31

31 December 2012	**Loans and receivables**
Company	**RMB'000**
Financial assets	
Due from a director	23
Financial assets included deposits and other receivables	8
Loans and receivables	31

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities	
Due to a subsidiary	1,750
Financial liabilities at amortised cost	1,750

31 August 2013	**Loans and receivables**
Company	**RMB'000**
Financial assets	
Due from a subsidiary	470
Cash and cash equivalents	31
Loans and receivables	501

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities	
Due to a subsidiary	10,688
Due to the ultimate holding company	470
Financial liabilities at amortised cost	11,158

At 31 December 2010, 2011 and 2012, the Group discounted certain bills receivable accepted by banks in the PRC (the "Discounted Bills") with a carrying amount of RMB40,340,000, RMB40,800,000 and RMB15,400,000 (the "Discount"), respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to these Discounted Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Discounted Bills. Subsequent to the discount, the Group does not retain any rights on the use of the Discounted Bills, including sale, transfer or pledge of the Discounted Bills to any other third parties.

At 31 December 2010, the Group discounted certain bills receivable accepted by banks in the PRC (the "Derecognised Bills") with a carrying amount of RMB23,000,000 (31 December 2011, 2012 and 31 August 2013: Nil). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equals to their carrying amounts. In the opinion of the director, the fair values of the Group's Continuing Involvement in the Derecognised Bills is not significant.

During the years ended 31 December 2010, 2011 and 2012, the Group has recognised interest expenses of RMB291,000 on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The discount has been made evenly throughout the years ended 31 December 2010, 2011 and 2012. No such transaction occurred in the eight months ended 31 August 2013.

34. Financial risk management objectives and policies

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, amounts due from and to a related party, amounts due from a director, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations.

The effective interest rates and terms of repayment of the interest-bearing bank and other borrowing of the Group are set out in note 21 above.

The following table demonstrates the sensitivity to a reasonably possible change in RMB interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings) during the Relevant Periods.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
31 December 2010		
RMB	100	(177)
RMB	(100)	177
31 December 2011		
RMB	100	(363)
RMB	(100)	363
31 December 2012		
RMB	100	(1,543)
RMB	(100)	1,543
31 August 2013		
RMB	100	(1,672)
RMB	(100)	1,672

Credit risk

The major concentration of credit risk arises from the Group's exposure to a substantial number of trade receivables, other receivables, an amount due from a director, an amount due from a related party, time deposits, pledged deposits and cash and cash equivalents.

Trade receivables are typically unsecured and derived from revenue earned from customers in the PRC, which are exposed to credit risk. The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit limit, and has strict control over credit limits of trade and other receivables. In addition, the balance of trade receivables is monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 16 and 17 above.

An amount due from a director and an amount due from a related party are usually unsecured, interest-free and repayable on demand. In evaluating the collectability of the related party balances, the Group considers many factors, including the repayment history and their credit worthiness. An allowance for doubtful accounts would be made if collection of the full amount is no longer probable. Further quantitative data in respect of the Group's exposure to credit risk arising from an amount due from a director and an amount due from a related party are disclosed in note 32 above.

Cash and short-term deposits are mainly deposited with registered banks in Mainland China. The Group has policies that limit its credit exposure to any financial institutions and the management believes these financial institutions are of high credit quality.

The carrying amounts of trade receivables, an amount due from a director, an amount due from a related party, time deposits, pledged deposits and cash and cash equivalents included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution and bank borrowings.

The maturity profile of financial liabilities as at 31 December 2010, 2011 and 2012 and 31 August 2013, based on the contractual undiscounted payments, was as follows:

	2010			
	On demand	Less than 3 months	3 to less than 12 months	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	1,940	8,680	12,000	22,620
Financial liabilities included in other payables and accruals	—	1,823	—	1,823
Interest-bearing bank and other borrowings	—	19,621	50,967	70,588
Due to a related party	8,923	—	—	8,923
	10,863	30,124	62,967	103,954

	2011			
	On demand	Less than 3 months	3 to less than 12 months	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	3,918	24,972	37,000	65,890
Financial liabilities included in other payables and accruals	—	28,178	—	28,178
Interest-bearing bank and other borrowings	—	39,525	114,106	153,631
	3,918	92,675	151,106	247,699

	2012				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	14,731	33,373	—	—	48,104
Financial liabilities included in other payables and accruals	—	17,328	—	—	17,328
Interest-bearing bank and other borrowings	—	24,402	191,031	10,607	226,040
	14,731	75,103	191,031	10,607	291,472

	31 August 2013				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	16,688	42,694	—	—	59,382
Financial liabilities included in other payables and accruals	—	12,591	11,000	—	23,591
Due to the ultimate holding company	470	—	—	—	470
Interest-bearing bank and other borrowings	—	161,324	86,551	—	247,875
	17,158	216,609	97,551	—	331,318

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade and bills payables, other payables and accruals, interest-bearing bank borrowings, an amount due to a related party, an amount due to the ultimate holding company and other long term liabilities less cash balances. Capital represents total equity of the Company. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of each of the Relevant Periods are as follows:

Group

	31 December			31 August
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	22,620	65,890	48,104	59,382
Other payables and accruals	2,736	31,914	34,394	37,003
Interest-bearing bank and other borrowings	68,240	146,310	216,400	243,000
Due to a related party	8,923	—	—	—
Due to the ultimate holding company	—	—	—	470
Other long term liabilities	6,358	5,221	5,053	4,942
Less: Cash and cash equivalents	(998)	(10,430)	(2,231)	(40,225)
Net debt	107,879	238,905	301,720	304,572
Total equity	15,458	35,672	133,110	218,108
Capital and net debt	123,337	274,577	434,830	522,680
Gearing ratio	87%	87%	69%	58%

35. Post balance sheet events

Pursuant to the written resolution dated 17 December 2013, the authorised share capital of the Company was increased from US$50,000 to US$500,000 by the creation of an additional 900,000,000 shares.

36. Subsequent financial statements

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 August 2013.