1. GENERAL

The Company was incorporated in Bermuda on 27 July 2001 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries (the Company and its subsidiaries are hereafter collectively referred to as the "Group") are principally engaged in manufacturing and sales of food products.

2. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

3. PRINCIPAL ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis.

c) Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

c) Subsidiaries (Continued)

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 3(e)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

d) Fixed Assets and Depreciation

Fixed assets, other than construction-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses (see note 3(e)). Major expenditures on modifications and betterments of fixed assets which will result in future economic benefits are capitalised, while expenditures on maintenance and repairs are expensed when incurred. Depreciation is provided on a straight-line basis to write off the cost less estimated residual value of each asset over its estimated useful life. The annual rates of depreciation are as follows:

Land	Over lease terms
Buildings	5%
Machinery	15%
Furniture and equipment	20%
Motor vehicles	20%

Construction-in-progress represents buildings under construction and machinery pending installation. It is stated at cost, which includes construction expenditures incurred, cost of machinery and other direct costs capitalised during the construction and installation period. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed.

Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

e) Impairment of Assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the fixed assets and investments in subsidiaries may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of such an asset exceeds its recoverable amount.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

e) Impairment of Assets (Continued)

(i) *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use. 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

g) Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

h) Employee Benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and a state-sponsored retirement plan organized by municipal government as stipulated by the regulations of The People's Republic of China (the "PRC"), are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(iii) When the Group grants employees options to acquire shares of the Company, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of proceeds received.

i) Income Tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

i) Income Tax (Continued)

(iii) (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- — in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- — in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - — the same taxable entity; or

  - — different taxable entities, which in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

j) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

k) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) *Sale of goods*

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value-added tax and is after deduction of any goods returns and trade discounts.

(ii) *Interest income*

Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

(iii) *Government grants*

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement as revenue on a systematic basis over the useful life of the asset.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

l) Translation of Foreign Currencies

The financial statements is prepared in Renminbi ("RMB").

Foreign currency transactions during the year are translated into Renminbi at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The results of subsidiaries which are not denominated in Renminbi are translated into Renminbi at the average exchange rates for the year; balance sheet items are translated into Renminbi at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

m) Borrowing Costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

n) Operating Lease Charges

Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

Where the Group has the use of the assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

o) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

p) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses.

4. TURNOVER

The principal activities of the Group are manufacturing and sales of food products.

Turnover represents the sales value of goods supplied to customers, which excludes value-added tax and is after deduction of any goods returns and trade discounts.

5. OTHER REVENUE

	2004	2003
	RMB'000	RMB'000
Interest income from banks	**2,124**	1,589
Subsidy income*	**557**	145
	2,681	1,734

* Subsidy income represents discretionary grants received from a PRC local government authority in respect of the development of agricultural products carried out by Fuqing Longyu Food Development Co., Ltd., a wholly owned subsidiary.

6. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

		2004 RMB'000	2003 RMB'000
(a)	Finance costs		
	Interest on borrowings wholly repayable within five years		
	— bank loans and overdraft	**3,911**	2,783
	— coupon bonds	**928**	698
		4,839	3,481
	Other borrowing costs	**—**	10,042
		4,839	13,523
(b)	Staff costs#		
	Contributions to Mandatory Provident Funds Scheme	**56**	53
	Contributions to PRC retirement scheme	**553**	505
	Retirement costs	**609**	558
	Salaries, wages and other benefits	**9,049**	7,781
		9,658	8,339
(c)	Other items		
	Cost of inventories#	**235,702**	194,102
	Depreciation of fixed assets#	**15,346**	11,976
	Loss on disposals of fixed assets	**8**	—
	Operating lease charges in respect of land and buildings	**2,024**	1,337
	Amortisation of long-term prepaid rentals	**12,340**	7,687
	Provision for bad and doubtful debts	**211**	266
	Provision for obsolete and slow moving inventories	**835**	—
	Auditors' remuneration		
	— provision for the current year	**524**	545
	— overprovision in prior years	**(42)**	—
	Net exchange loss	**12**	107

Cost of inventories includes approximately RMB18,440,000 (2003: RMB14,539,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amount disclosed separately above or in note 6(b) for each of these types of expenses.

7. TAXATION

(a) Taxation in the consolidated income statement represents:

	2004 RMB'000	2003 RMB'000
Current tax		
PRC enterprise income tax for the year	**42,380**	40,381
Deferred tax		
Origination and reversal of temporary differences	**(218)**	(993)
	42,162	39,388

Notes:

(i) Overseas income tax

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company's subsidiary established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted form British Virgin Islands income taxes.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group had no estimated assessable profits for the year ended 31 December 2004 (2003: Nil).

(iii) PRC enterprise income tax

Fuqing Longyu Food Development Co., Ltd. ("Fuqing Longyu"), a wholly owned subsidiary established in the Coastal Open Economic Area of the PRC, is subject to PRC enterprise income tax at a rate of 24% for the year ended 31 December 2004 (2003: 24%).

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2004 RMB'000	2004 %	2003 RMB'000	2003 %
Profit before tax	**164,066**		149,845	
Notional tax on profit before tax, calculated at the applicable rate	**39,376**	**24.0**	35,963	24.0
Tax effect of non-deductible expenses	**2,454**	**1.5**	3,413	2.3
Tax effect of unused tax losses not recognised	**251**	**0.2**	—	—
Effect of different tax rates of companies of the Group	**81**	**—**	12	—
Actual tax expense	**42,162**	**25.7**	39,388	26.3

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Fees RMB'000	Basic salaries, allowances and benefits-in-kind RMB'000	Retirement scheme contributions RMB'000	2004 Total RMB'000	2003 Total RMB'000
Executive directors:					
Yeung Chung Lung	—	1,248	14	1,262	1,322
Yang Le	—	61	1	62	61
Ni Chao Peng	—	61	1	62	61
Yip Tze Wai, Albert	—	276	12	288	288
Weng Zu Liang (resigned on 27 October 2003)	—	—	—	—	—
	—	1,646	28	1,674	1,732
Non-executive directors:					
Lim Kwok Choi (resigned on 27 October 2003)	—	—	—	—	32
Independent non-executive directors:					
Tsui Chun Chung, Arthur	127	—	—	127	127
Lu Ze Jian	—	—	—	—	—
Leung Chiu Shing (appointed on 27 September 2004)	32	—	—	32	—
	159	—	—	159	127
Total for the year 2004	159	1,646	28	1,833	
Total for the year 2003	159	1,704	28		1,891

In addition, certain directors were granted options to subscribe for shares in the Company. The details of the share options granted and outstanding in respect of each director as at 31 December 2004 are disclosed under the paragraph "Share Option Scheme" in the directors' report and note 28 to the financial statements.

During the years ended 31 December 2004 and 2003, no amounts were paid or payable to the directors as an inducement to join the Group or as a compensation for loss of office and no director waived any emoluments.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2003: three) are directors whose emoluments are disclosed in directors' emoluments in note 8 above. The aggregate of the emoluments in respect of the other two (2003: two) individuals are as follows:

	2004 RMB'000	2003 RMB'000
Salaries and other emoluments	965	965
Retirement scheme contributions	25	25
	990	990

The emoluments of the two (2003: two) individuals with the highest emoluments are within the following band:

	2004 Number of individuals	2003 Number of individuals
Nil–RMB1,060,000 (equivalent to approximately HK$1,000,000)	2	2

During the years ended 31 December 2004 and 2003, no emoluments were paid or payable to the five highest paid individuals (including directors and other employees) as an inducement to join the Group or as a compensation for loss of office.

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a loss of approximately RMB10,177,000 (2003: RMB17,937,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2004 RMB'000	2003 RMB'000
Amount of consolidated loss attributable to shareholders dealt with in the Company's financial statements	(10,177)	(17,937)
Final dividends from a subsidiary attributable to the profits of the previous financial year, approved and paid during the year	29,680	51,940
Company's profit for the year (Note 30(b))	19,503	34,003

11. DIVIDENDS

(a) Dividends attributable to the year:

	2004 **RMB'000**	2003 RMB'000
Final dividend proposed after the balance sheet date of HK$0.03 (equivalent to approximately RMB0.0318) per ordinary share (2003: HK$0.02 (equivalent to approximately RMB0.0212) per ordinary share)	**29,207**	19,090

At a meeting held on 21 April 2005, the directors proposed a final dividend of HK$0.03 (equivalent to approximately RMB0.0318) per ordinary share.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	2004 **RMB'000**	2003 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.02 (equivalent to approximately RMB0.0212) per ordinary share (2003: HK$0.03 (equivalent to approximately RMB0.0318) per ordinary share)	**19,090**	25,440

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of approximately RMB121,904,000 (2003: RMB110,457,000) and the weighted average number of 903,089,000 ordinary shares (2003 (restated): 818,351,000 ordinary shares after adjusting for the bonus shares issued in 2004) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of approximately RMB121,904,000 (2003: RMB110,457,000) and the weighted average number of 934,643,000 ordinary shares (2003 (restated): 827,381,000 ordinary shares after adjusting for the bonus shares issued in 2004) after adjusting for the effects of all dilutive potential shares issued under the Company's share option scheme and warrants.

12. EARNINGS PER SHARE (Continued)

(c) Reconciliations

	2004 Number of shares '000	2003 Number of shares '000
Weighted average number of ordinary shares used in calculating basic earnings per share	**903,089**	818,351
Deemed issue of ordinary shares		
— share options	**1,824**	—
— warrants	**29,730**	9,030
Weighted average number of ordinary shares used in calculating diluted earnings per share	**934,643**	827,381

13. EMPLOYEE RETIREMENT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000 (equivalent to approximately RMB21,200), contributions to the MPF Scheme vest immediately. Contributions paid or payable to the MPF scheme are charged to the income statement.

The employees of the Group's subsidiary in the PRC are members of a state-sponsored retirement plan organised by the municipal government under the regulations of the PRC and this subsidiary made mandatory contributions to the state-sponsored retirement plan to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiary are based on a percentage of the eligible employees' salaries and are charged to the income statement as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan organised by the municipal government in the PRC.

The Group does not have any other pension schemes for its employees in respect of the subsidiaries outside Hong Kong and PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2004 in respect of the retirement of its employees.

14. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segments

The Group comprises the following main business segments:

Frozen marine food products	:	The manufacture and sale of frozen marine food products
Frozen functional food products	:	The manufacture and sale of frozen functional food products
Frozen seasoned convenient food products	:	The manufacture and sale of frozen seasoned convenient food products
Refrigerated processed meat products	:	The manufacture and sale of refrigerated processed meat products

14. SEGMENT REPORTING (Continued)

Business segments (Continued)

	Frozen marine food products		Frozen functional food products		Frozen seasoned convenient food products		Refrigerated processed meat products		Consolidated	
	2004 RMB'000	2003 RMB'000	**2004 RMB'000**	2003 RMB'000	**2004 RMB'000**	2003 RMB'000	**2004 RMB'000**	2003 RMB'000	**2004 RMB'000**	2003 RNB'000
Revenue from external customers	**227,394**	249,275	**206,068**	128,992	**660**	—	**—**	111	**434,122**	378,378
Segment result	**110,410**	124,152	**88,005**	60,560	**5**	—	**—**	(436)	**198,420**	184,276
Unallocated operating income and expenses									**(29,515)**	(20,908)
Profit from operations									**168,905**	163,368
Finance costs									**(4,839)**	(13,523)
Taxation									**(42,162)**	(39,388)
Profit attributable to shareholders									**121,904**	110,457
Depreciation for the year:										
Segment depreciation	**4,553**	3,086	**2,072**	1,769	**1,304**	—	**—**	413	**7,929**	5,268
Unallocated depreciation									**7,417**	6,708
									15,346	11,976
Segment assets	**110,679**	100,559	**82,580**	52,925	**11,870**	—	**—**	602	**205,129**	154,086
Unallocated assets									**590,510**	506,281
Total assets									**795,639**	660,367
Segment liabilities									**—**	—
Unallocated liabilities									**169,358**	186,633
Total liabilities									**169,358**	186,633
Capital expenditure incurred during the year:										
Segment capital expenditure	**23,257**	20,393	**19,243**	1,829	**13,104**	—	**—**	—	**55,604**	22,222
Unallocated capital expenditure									**4,409**	8,944
Total									**60,013**	31,166

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the destination of delivery of goods.

	PRC		Japan		Unites States of America		Korea		Australia		Total	
	2004 RMB'000	2003 RMB'000	**2004 RMB'000**	2003 RMB'000	**2004 RMB'000**	2003 RMB'000	**2004 RMB'000**	2003 RMB'000	**2004 RMB'000**	2003 RMB'000	**2004 RMB**	2003 RMB
Revenue from external customers	**4,465**	416	**289,400**	274,028	**121,776**	103,934	**17,748**	—	**733**	—	**434,122**	378,378

14. SEGMENT REPORTING (Continued)

Geographical segments (Continued)

Approximately 87% (2003: 92%) of the Group's sales for the year were exported from the PRC to Japan, United States of America, Korea and Australia using third party export companies in the PRC which have export rights.

There is no major disparity in the ratios between turnover and profit in relation to the above geographical locations; hence no analysis is given of the profit contributions from the above geographical locations.

No analysis of segment assets and capital expenditure incurred during the year by geographical location is presented as all of the Group's assets are located in the PRC (including Hong Kong).

15. FIXED ASSETS

	The Group							The Company
	Land	Buildings	Machinery	Furniture and equipment	Motor vehicles	Construction-in-progress	Total	Furniture and equipment
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost								
At 1 January 2004	10,292	85,867	78,503	1,555	2,273	6,000	184,490	790
Additions	—	39,788	13,706	541	444	5,534	60,013	—
Transfer	—	11,534	—	—	—	(11,534)	—	—
Disposals	—	—	—	(23)	—	—	(23)	—
At 31 December 2004	10,292	137,189	92,209	2,073	2,717	—	244,480	790
Accumulated depreciation								
At 1 January 2004	790	19,410	26,422	801	1,043	—	48,466	308
Charge for the year	225	4,978	9,512	424	207	—	15,346	158
Disposals	—	—	—	(15)	—	—	(15)	—
At 31 December 2004	1,015	24,388	35,934	1,210	1,250	—	63,797	466
Net book value								
At 31 December 2004	9,277	112,801	56,275	863	1,467	—	180,683	324
At 31 December 2003	9,502	66,457	52,081	754	1,230	6,000	136,024	482

Land and buildings are located in the PRC. The land is held under a land use right for a period of 50 years up to 2045.

16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2004	2003
	RMB'000	RMB'000
Unlisted shares, at cost	**114**	114

Details of the subsidiaries at 31 December 2004 were as follows:

Name of company	Place of incorporation/ operation	Issued share capital/ registered capital	Proportion of ownership interest held Directly %	Proportion of ownership interest held Indirectly %	Principal activities
First China Technology Limited	British Virgin Islands	US$1,000	100%	—	Investment holding
Smart Dragon International Trading Limited	Hong Kong	HK$100	100%	—	Trading of food products
Fuqing Longyu Food Development Co., Ltd.*	PRC	US$5,000,000	—	100%	Manufacturing and sales of food products

* Fuqing Longyu Food Development Co., Ltd. is a wholly foreign owned enterprise established in the PRC to be operated for 50 years up to 2045.

17. PREPAID RENTALS

	The Group	
	2004	2003
	RMB'000	RMB'000
At 1 January	**28,466**	14,733
Amounts paid during the year	**—**	21,420
	28,466	36,153
Amortisation for the year	**(12,340)**	(7,687)
At 31 December	**16,126**	28,466

18. INVENTORIES

	The Group	
	2004	2003
	RMB'000	RMB'000
Raw materials, at cost	**1,366**	993
Finished goods, at cost	**36,210**	20,818
	37,576	21,811
Less: Provision for obsolete and slow moving inventories	**(2,218)**	(1,383)
	35,358	20,428

None of the inventories were carried at net realisable value as at 31 December 2004 and 2003.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2004	2003	**2004**	2003
	RMB'000	RMB'000	**RMB'000**	RMB'000
Due from subsidiaries (note (a))	**—**	—	**265,017**	171,300
Trade receivables (note (b))	**55,082**	50,031	**—**	—
Advances to suppliers (note (c))	**2,386**	2,300	**—**	—
Rental and other deposits	**7,176**	7,228	**226**	278
Prepayments	**312**	39	**311**	—
Advances to employees	**62**	20	**—**	—
Others	**2,293**	372	**—**	—
	67,311	59,990	**265,554**	171,578

Note:

(a) The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

(b) The ageing analysis of trade receivables is as follows:

	The Group	
	2004	2003
	RMB'000	RMB'000
Within 1 month	**38,825**	35,702
More than 1 month but within 3 months	**19,042**	16,951
More than 3 months but within 6 months	**48**	—
	57,915	52,653
Less: Provision for bad and doubtful debts	**(2,833)**	(2,622)
	55,082	50,031

19. TRADE AND OTHER RECEIVABLES (Continued)

Note: (Continued)

The Group generally does not grant any pre-determined credit terms to customers. Debts are usually settled within 3 months from the date of billing. Debtors with balances that are more than 3 months are requested to settle all outstanding balance before any further credit is granted.

(c) All of the advances to suppliers as at 31 December 2004 will be settled through deduction of future purchases payable to these suppliers. All advances to suppliers are unsecured and non-interest bearing.

(d) Apart from the advances to suppliers and rental and other deposits, all of the trade and other receivables are expected to be recovered within one year.

20. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2004 RMB'000	2003 RMB'000	**2004 RMB'000**	2003 RMB'000
Deposits with banks maturing within three months from the date of deposits	**21,261**	4,240	**21,261**	4,240
Cash at bank and on hand	**473,689**	410,226	**3,126**	82,465
Cash and cash equivalents	**494,950**	414,466	**24,387**	86,705

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2004 RMB'000	2003 RMB'000	**2004 RMB'000**	2003 RMB'000
Trade payables	**2,216**	822	**—**	—
Finance costs payable	**813**	755	**813**	755
Accruals and other payables	**3,246**	2,338	**624**	1,064
Other tax payables	**7,624**	6,275	**—**	—
Due to a director*	**4,124**	4,194	**1,844**	2,353
	18,023	14,384	**3,281**	4,172

* The amount due to Mr. Yeung Chung Lung, a director of the Company, is unsecured, non-interest bearing and has no fixed terms of repayment.

21. TRADE AND OTHER PAYABLES (Continued)

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade payables with the following ageing analysis:

	The Group	
	2004	2003
	RMB'000	RMB'000
Within 1 month	**1,206**	219
After 1 month but within 3 months	**720**	101
After 3 months but within 6 months	**232**	355
After 6 months	**58**	147
	2,216	822

22. BANK LOANS, UNSECURED

At 31 December 2004, the bank loans were analysed as follows:

	The Group		The Company	
	2004	2003	**2004**	2003
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year or on demand and classified under current liabilities	**63,760**	59,255	**22,260**	17,755
After 1 year but within 2 years	**30,210**	22,260	**30,210**	22,260
After 2 years but within 5 years	**—**	30,210	**—**	30,210
Non-current portion	**30,210**	52,470	**30,210**	52,470
	93,970	111,725	**52,470**	70,225

23. COUPON BONDS

The 2.5% coupon bonds (the "Bonds") with detachable warrants attached, having an aggregate principal amount of US$4,500,000 (equivalent to approximately RMB37,206,000), were issued on 10 April 2003 and will mature on 9 April 2008. Each Bond is in the denomination of US$5,000 with a warrant attached. Further details of the warrants are set out in note 29.

The Bonds bear interest at the coupon rate of 2.5% per annum, payable annually in arrears on 9 April each year. During the years ended 31 December 2004 and 2003, no Bonds were redeemed, and at 31 December 2004, the Bonds were repayable as follows:

	The Group and the Company	
	2004	2003
	RMB'000	RMB'000
Within 1 year or on demand and classified under current liabilities	**37,206**	—
After 1 year but within 2 years	**—**	11,162
After 2 years but within 5 years	**—**	26,044
Non-current portion	**—**	37,206
	37,206	37,206

Note:

(a) The holders of the Bonds (the "Bondholders") may elect to redeem the Bonds at par in accordance with the following schedule in (i):

(i) Date of redemption

	RMB'000
9 April 2004 (note (b))	11,162
9 April 2005	11,162
9 April 2006	7,441
9 April 2007	7,441
	37,206

23. COUPON BONDS (Continued)

Note: (Continued)

In the event that if the Bondholders do not elect to redeem the Bonds in accordance with the schedule mentioned above, the Company shall redeem the Bonds at par in accordance with the following schedule in (ii):

(ii) Date of redemption

	RMB'000
9 April 2006 (note (b))	11,162
9 April 2007	11,162
9 April 2007	7,441
9 April 2008	7,441
	37,206

In consideration of any Bonds being extended and redeemed in (ii) above, the Company shall issue, subject to obtaining all relevant approvals, to each Bondholder in respect of which the redemption date has been extended, one new warrant for each Bond ("Bonus Warrant").

The Company may redeem all or part of the Bonds at par at any time following two and a half years after 9 April 2003.

Further details of the redemption of the Bonds are set out in the announcement dated 4 April 2003 issued by the Company.

(b) On 9 April 2004, the due date for redemption of the bonds in aggregate principal amount of US$1,350,000 (equivalent to approximately RMB11,162,000) ("A Bond"), the holders of A Bond did not exercise their right to redeem their bonds and accordingly the redemption date of A Bond was extended to 9 April 2006. The Company did not issue Bonus Warrants in the equivalent amount of US$1,350,000 (equivalent to approximately RMB11,162,000) to the holders of A Bond in respect of which the redemption date has been extended. Under such circumstances, the Bondholders can require the Company to redeem all the Bonds on demand. Accordingly, the Bonds were classified as current liabilities.

24. PROVISION FOR STAFF WELFARE BENEFIT

	The Group	
	2004	2003
	RMB'000	RMB'000
At 1 January	**14,830**	15,181
Provision made for the year	**350**	589
Provision utilised for the year	**(1,071)**	(940)
At 31 December	**14,109**	14,830

The provision can be utilised for the provision of collective welfare of the employees of Fuqing Longyu Food Development Co., Ltd., a wholly owned subsidiary.

25. TAXATION PAYABLE

	The Group	
	2004	2003
	RMB'000	RMB'000
PRC enterprise income tax		
At 1 January	**8,488**	3,822
Provision for the year	**42,380**	40,381
Tax paid for the year	**(44,818)**	(35,715)
At 31 December	**6,050**	8,488

26. DEFERRED TAXATION

(a) Deferred tax assets recognised

The following are the major deferred tax assets recognised and movements thereon during the current year are as follows:

	The Group			
	Provision for obsolete and slow-moving inventories	**Provision for bad and doubtful debts**	**Other temporary differences**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Credited to consolidated income statement (note 7(a))	332	628	33	993
At 31 December 2003 and 1 January 2004	332	628	33	993
Credited/(charged) to consolidated income statement (note 7 (a))	200	51	(33)	218
At 31 December 2004	532	679	—	1,211

(b) Deferred tax assets/liabilities not recognised

At the balance sheet date, the Group has not recognised deferred tax assets in respect of the tax losses of approximately RMB190,000 as it is not probable that taxable profit will be available against which the tax losses can be utilised. The tax losses do not expire under current tax legislation.

The Group and the Company have no significant potential unprovided deferred tax liabilities for the year and at the balance sheet date.

27. SHARE CAPITAL

		The Group and the Company			
		2004		2003	
	Note	**Number of share '000**	**Amount RMB'000**	Number of share '000	Amount RMB'000
Authorised:					
— Ordinary shares of HK$0.05 (equivalent to approximately RMB0.053) each		**2,000,000**	**106,000**	2,000,000	106,000
Issued and fully paid:					
— Ordinary shares of HK$0.05 (equivalent to approximately RMB0.053) each					
At 1 January		**820,463**	**43,485**	800,000	42,400
Issue of shares upon exercise of warrants	(a)	**—**	**—**	20,463	1,085
Issue of shares upon a placement	(b)	**80,000**	**4,240**	—	—
Issue of bonus shares	(c)	**18,009**	**954**	—	—
At 31 December		**918,472**	**48,679**	820,463	43,485

Note:

(a) During the period October 2003 to December 2003, 190 warrants were exercised to subscribe for 20,462,866 ordinary shares in the Company at the exercise price of HK$0.36 (equivalent to approximately RMB0.3816) per ordinary share and at a total consideration of approximately RMB7,809,000, of which approximately RMB6,724,000 was credited to the share premium account. Further details of the warrants are set out in note 29.

(b) In February 2004, Regal Splendid Limited ("Regal Splendid"), the single largest shareholder of the Company and wholly owned by Mr. Yeung Chung Lung, a director of the Company, entered into an agreement with a placing agent and the Company, under which Regal Splendid placed 80,000,000 ordinary shares of the Company at a price of HK$0.64 (equivalent to approximately RMB0.6784) per ordinary share and subscribed for 80,000,000 ordinary shares of the Company at a price of HK$0.64 (equivalent to approximately RMB0.6784) per ordinary share. The net proceeds of approximately HK$46,918,000 (equivalent to approximately RMB49,733,000) was raised from this issue of shares.

(c) By an ordinary resolution passed on 4 June 2004, the issued share capital was increased by way of a bonus issue by applying HK$900,463 (equivalent to approximately RMB954,000) charging to the share premium account in payment in full at par of 18,009,257 ordinary shares of HK$0.05 each on the basis of two new shares for each one hundred shares held on 4 June 2004.

All shares authorised or issued since incorporation rank pari passu with each other in all respect.

28. EQUITY COMPENSATION BENEFITS

The Company has adopted a share option scheme (the "2002 Scheme") pursuant to a resolution passed on 17 January 2002 for the primary purpose of providing incentives to directors and eligible persons, and will expire on 16 January 2012. Under the 2002 Scheme, the Company may grant options to any person who is a director or employee (whether full-time or part-time) of the Group or any other groups or classes of suppliers, customers, sub-contractors or agents of the Group or any other persons from time to time determined by the Board as having contributed or may contribute to the development and growth of the Group to subscribe for shares in the Company. No options have ever been granted under the 2002 Scheme since its adoption.

Pursuant to resolution passed at a special general meeting of the shareholders held on 4 June 2004, the Company terminated the 2002 Scheme and adopted a new share option scheme (the "2004 Scheme") that will expire on 3 June 2014.

The purpose of the 2004 Scheme is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to the employees, officers and directors of the Group; and to promote the long term financial success of the Company by aligning the interests of option holder to shareholders. Under the terms of the 2004 Scheme, the Board of the Company may, in its absolute discretion, grant options to any person employed by the Company or any subsidiary and any person who is an officer or a director of the Company or any subsidiary within the definition prescribed in the 2004 Scheme, to subscribe for shares in the Company.

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2004 Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2004 Scheme and any other schemes must not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the 2004 Scheme. The total number of shares issued and to be issued upon exercise of the options, whether exercised or outstanding, in any 12-month period granted to each eligible person must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1.00 on acceptance of the offer of options. The period within which the shares of the Company must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option. The subscription price is determined by the Board in its absolute discretion which, in any event, shall not be less than the highest of (a) the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant of that option, which must be a business day; (b) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of that option; and (c) the nominal value for the time being of each share of the Company.

(Expressed in Renminbi unless otherwise stated)

28. EQUITY COMPENSATION BENEFITS (Continued)

(a) Movements in share options

	Number of options	
	2004	2003
At 1 January	**—**	—
Issued	**32,500,000**	—
At 31 December	**32,500,000**	—
Options vested at 31 December	**32,500,000**	—

(b) Terms of unexpired and unexercised share options at balance sheet date

Date of grant	Exercisable period	Exercise price	Number of options 2004	2003
23 July 2004	23 July 2004 to 22 July 2014	HK$0.489	**32,500,000**	—

29. WARRANTS

The Company issued the coupon bonds (see note 23) with detachable warrants attached. The holders of warrants (the "Warrantholders") can exercise the subscription rights attaching to the warrants, in whole or in part, at any time from 10 April 2003 to 9 April 2008 (both days inclusive) to subscribe for the shares of the Company ("Subscription Shares") by either (i) delivering the bonds, so long as the bonds are not redeemed or (ii) paying the amount for the subscription, at an exercise price subject to adjustment ("Subscription Price").

The number of Subscription Shares to which a Warrantholder will be entitled for each warrant will be calculated by dividing the nominal amount of US$5,000 by the Subscription Price.

(a) Movements in warrants

	Number of warrants	
	2004	2003
At 1 January	**710**	—
Issued	**—**	900
Exercised (note 27(a))	**—**	(190)
	710	710

29. WARRANTS (Continued)

(b) Terms of unexpired and unexercised warrants at balance sheet date

Date of grant	Exercisable period	Number of warrants 2004	2003
10 April 2003	10 April 2003 to 9 April 2008	**710**	710

30. RESERVES

(a) The Group

	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve fund (note (i)) RMB'000	Enterprise expansion reserve fund (note (ii)) RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2003	96,056	41,421	20,767	10,081	170,183	338,508
Premium on issue of shares upon exercise of warrants (note 27(a))	6,724	—	—	—	—	6,724
Dividend in respect of the previous year (note 11(b))	—	—	—	—	(25,440)	(25,440)
Net profit for the year	—	—	—	—	110,457	110,457
At 31 December 2003 and at 1 January 2004	102,780	41,421	20,767	10,081	255,200	430,249
Premium on						
— issue of shares upon a placement (note 27(b))	50,032	—	—	—	—	50,032
— bonus issue of shares (note 27(c))	(954)	—	—	—	—	(954)
Share issue expenses	(4,539)	—	—	—	—	(4,539)
Dividend approved in respect of the previous year (note 11(b))	—	—	—	—	(19,090)	(19,090)
Net profit for the year	—	—	—	—	121,904	121,904
At 31 December 2004	147,319	41,421	20,767	10,081	358,014	577,602

Note:

(i) According to the relevant rules and regulations in the PRC, Fuqing Longyu Food Development Co., Ltd., a wholly owned subsidiary, is required to transfer approximately 10% of after-tax profit (after offsetting prior years' losses), based on its PRC statutory financial statements prepared in accordance with the relevant accounting principles and financial regulations applicable to foreign investment enterprises in the PRC, to a statutory reserve fund until the balance of the fund reaches 50% of its registered capital. Thereafter, any further transfer can be made at directors' discretion. The statutory reserve fund can be utilized to offset prior years' losses, or be converted into paid-up capital on the condition that the statutory reserve fund should be maintained at a minimum of 25% of the registered capital of this subsidiary after conversion.

The directors of the subsidiary determined not to make any appropriation to the statutory reserve fund for the year ended 31 December 2004 because the balance of such fund as at 31 December 2004 has reached 50% of its registered capital (2003: Nil).

30. RESERVES (Continued)

(a) The Group (Continued)

Note: (Continued)

(ii) According to the relevant rules and regulations in the PRC, Fuqing Longyu Food Development Co., Ltd., a wholly owned subsidiary, may also appropriate a portion of its after-tax profit (after offsetting prior years' losses), based on its PRC statutory financial statements prepared in accordance with the relevant accounting principles and financial regulations applicable to foreign investment enterprises in the PRC, to an enterprise expansion reserve fund at the discretion of its board of directors. The enterprise expansion reserve fund can be used to convert into paid-up capital.

During the years ended 31 December 2004 and 2003, no such appropriations have been made.

(b) The Company

	Share premium RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2003	96,056	(7,552)	88,504
Premium on issue of shares upon exercise of warrants (note 27(a))	6,724	—	6,724
Dividend in respect of the previous year (note 11(b))	—	(25,440)	(25,440)
Net profit for the year	—	34,003	34,003
At 31 December 2003 and at 1 January 2004	102,780	1,011	103,791
Premium on:			
— issue of shares upon a placement (note 27(b))	50,032	—	50,032
— bonus issue of shares (note 27(c))	(954)	—	(954)
Share issue expenses	(4,539)	—	(4,539)
Dividend in respect of the previous year (note 11(b))	—	(19,090)	(19,090)
Net profit for the year	—	19,503	19,503
At 31 December 2004	147,319	1,424	148,743

31. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2004 not provided for in the financial statements were as follows:

	The Group	
	2004	2003
	RMB'000	RMB'000
Acquisition of fixed assets		
— authorised and contracted for	**—**	8,000
— authorised but not contracted for	**—**	399
	—	8,399

(b) At 31 December 2004, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings were payable as follows:

	The Group		The Company	
	2004	2003	**2004**	2003
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**12,873**	12,639	**618**	206
After 1 year but within 5 years	**67,012**	45,589	**173**	—
After 5 years	**150,540**	171,960	**—**	—
	230,425	230,188	**791**	206

The Group leases a number of land and buildings under operating leases. The leases typically run for an initial period of one to twenty years. None of the leases includes contingent rentals.

32. CONTINGENT LIABILITIES

(a) At 31 December 2004, there were contingent liabilities amounting to RMB41,500,000 (2003: RMB41,500,000) in respect of bank loan facilities utilised by a wholly owned subsidiary and guaranteed by the Company.

(b) Bank loan facilities of RMB10,600,000 at 31 December 2003 utilised by the Company and guaranteed by a wholly owned subsidiary, have been fully settled by the Company in January 2004. Accordingly, the corporate guarantee given by the wholly owned subsidiary has been discharged during the year ended 31 December 2004.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.