The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

The Directors
Want Want China Holdings Limited

BNP Paribas Capital (Asia Pacific) Limited
Goldman Sachs (Asia) L.L.C.
KGI Capital Asia Limited
UBS AG

March 11, 2008

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Want Want China Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out in Sections I to IV below, for inclusion in the prospectus of the Company dated March 11, 2008 (the "Prospectus") in connection with the initial public offering of shares of the Company and the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Financial Information comprises the combined balance sheets as at December 31, 2004, 2005 and 2006 and September 30, 2007, and the combined income statements, the combined statements of changes in equity and the combined cash flow statements for each of the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2006 and 2007 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands on October 3, 2007 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. Pursuant to a group reorganisation as described in Note 1 of Section II headed "Reorganisation" below, which was completed in December 2007, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and associated companies as set out in Notes 39 and 11 of Section II below, respectively. All of these companies are private companies or if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company. All these companies have adopted December 31 as their financial year end date.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation other than the Reorganisation. The audited financial statements during the Relevant Periods of the subsidiaries now comprising the Group for which there is a statutory audit requirement have been prepared in accordance with the relevant accounting principles generally accepted in the place of incorporation/establishment of those companies. The names of the statutory auditors of these companies are set out in Note 39 of Section II below.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of Want Want Holdings Ltd., which is the then holding company of the companies now comprising the Group, for the Relevant Periods in accordance with Hong Kong

Financial Reporting Standards ("HKFRSs") (the "HKFRS Financial Statements"). The HKFRS Financial Statements, for each of the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007 were audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company (普華永道中天會計師事務所有限公司) in accordance with Hong Kong Standards on Auditing.

The Financial Information has been prepared based on the HKFRS Financial Statements, with no adjustment made thereon, and on the basis set out in Note 2 of Section II below.

Directors' responsibility

The directors of the Company are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements and the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of HKFRS Financial Statements and Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

For the financial information for each of the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We have carried out independent audit procedures on the financial information for each of the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have examined the HKFRS Financial Statements, and carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the nine months ended September 30, 2006, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion and review conclusion

In our opinion, the financial information for each of the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, for the purpose of this report and prepared on the basis set out in Note 2 of Section II below, gives a true and fair view of the combined state of affairs of the Group as at December 31, 2004, 2005 and 2006 and September 30, 2007 and of the Group's combined results and cash flows for the years and period then ended.

Based on our review, for the purpose of this report and on the basis set out in Note *2* of Section II below, nothing has come to our attention that causes us to believe that the financial information does not give a true and fair view of the combined financial performance of the Group and its combined cash flows for the nine months ended September 30, 2006 in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting", where applicable.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the Financial Information of the Group for the Relevant Periods prepared on the basis set out in Note 2 of Section II below:

(a) Combined balance sheets

	Section II Note	As at December 31, 2004	As at December 31, 2005	As at December 31, 2006	As at September 30, 2007
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	315,104	446,137	521,924	570,104
Leasehold land and land use rights	8	30,592	61,136	74,563	81,704
Investment properties	9	15,218	19,542	26,347	34,948
Intangible assets	10	1,138	7,848	7,947	7,943
Associated companies	11	519	407	239	1,425
Available-for-sale financial assets	12	830	652	652	652
Deferred income tax	13	516	582	648	522
		363,917	536,304	632,320	697,298
Current assets					
Inventories	14	103,026	143,484	170,904	164,396
Properties under development for sale	15	7,101	53,397	110,253	141,251
Trade receivables	16	43,744	49,392	54,974	53,215
Prepayments, deposits and other receivables	17	59,603	39,583	55,634	67,836
Financial assets at fair value through profit or loss	18	3,959	1,279	1,087	1,129
Cash and cash equivalents	19	144,285	163,434	185,114	304,428
		361,718	450,569	577,966	732,255
Total assets		725,635	986,873	1,210,286	1,429,553
EQUITY					
Owners' equity attributable to equity holders of the Company	20	544,308	626,651	751,617	877,190
Minority interests		10,234	8,741	7,049	5,158
		554,542	635,392	758,666	882,348
LIABILITIES					
Non-current liabilities					
Borrowings	23	55,000	145,829	56,433	305,917
Deferred tax liability	13	—	8,175	7,696	5,559
		55,000	154,004	64,129	311,476
Current liabilities					
Trade payables	21	35,435	71,603	94,044	69,851
Accruals and other payables	22	58,643	95,915	101,526	97,755
Borrowings	23	19,864	27,565	189,385	65,690
Current income tax liabilities		2,151	2,394	2,536	2,433
		116,093	197,477	387,491	235,729
Total liabilities		171,093	351,481	451,620	547,205
Total equity and liabilities		725,635	986,873	1,210,286	1,429,553
Net current assets		245,625	253,092	190,475	496,526
Total assets less current liabilities		609,542	789,396	822,795	1,193,824

(b) Combined income statements

	Section II Note	Year ended December 31, 2004 US$'000	Year ended December 31, 2005 US$'000	Year ended December 31, 2006 US$'000	Nine months ended September 30, 2006 US$'000 (unaudited)	Nine months ended September 30, 2007 US$'000
Sales	6	518,529	681,856	861,656	602,864	765,477
Cost of sales	26	(317,569)	(419,301)	(534,339)	(375,874)	(462,984)
Gross profit		200,960	262,555	327,317	226,990	302,493
Other gains/(losses), net	24	(2,221)	(530)	899	1,055	5,863
Other income	25	11,054	15,432	28,427	19,805	16,673
Selling and distribution expenses	26	(71,631)	(82,960)	(111,234)	(79,693)	(97,238)
Administrative expenses	26	(57,253)	(69,890)	(96,488)	(67,744)	(82,282)
Operating profit		80,909	124,607	148,921	100,413	145,509
Finance income	29	1,961	1,869	1,866	1,247	999
Finance costs	29	(1,459)	(4,160)	(11,096)	(7,574)	(10,932)
Finance income/(costs), net	29	502	(2,291)	(9,230)	(6,327)	(9,933)
Share of results of associated companies	11	75	(50)	(159)	(44)	(62)
Profit before income tax		81,486	122,266	139,532	94,042	135,514
Income tax expense	30	(9,635)	(12,516)	(15,884)	(10,142)	(13,353)
Profit for the year/period		71,851	109,750	123,648	83,900	122,161
Attributable to:						
Equity holders of the Company		72,625	110,774	126,826	85,791	124,205
Minority interests		(774)	(1,024)	(3,178)	(1,891)	(2,044)
		71,851	109,750	123,648	83,900	122,161
Earnings per share for profit attributable to the equity holders of the Company during the year/period (expressed in US$ per share)						
— basic	31	0.057	0.086	0.098	0.067	0.096
Dividends	32	38,665	25,777	25,775	—	—

(c) Combined statements of changes in equity

	Section II Note	Capital reserves (20(g))	Currency Realignment	Statutory reserves	Retained earnings	Total	Minority interests	Total equity
		Attributable to equity holders of the Company						
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at January 1, 2004		200,920	(7,242)	25,113	284,938	503,729	11,137	514,866
Profit for the year		—	—	—	72,625	72,625	(774)	71,851
Currency translation differences		—	4,596	—	—	4,596	40	4,636
Total recognised income and expense for year 2004		—	4,596	—	72,625	77,221	(734)	76,487
Issue of shares on exercise of warrants	20(a)	11,418	—	—	—	11,418	—	11,418
Transfer of warrant reserve to accumulated profits upon expiry of warrants	20(a)	(6)	—	—	6	—	—	—
Ordinary shares buy-back	20(b)	(3,148)	—	—	—	(3,148)	—	(3,148)
Dividends paid	32	—	—	—	(44,912)	(44,912)	(103)	(45,015)
Appropriation to statutory reserves	20(d)	—	—	3,251	(3,251)	—	—	—
Changes in shareholding of minority interests of subsidiaries	20(e)	—	—	—	—	—	(66)	(66)
		8,264	—	3,251	(48,157)	(36,642)	(169)	(36,811)
As at December 31, 2004		209,184	(2,646)	28,364	309,406	544,308	10,234	554,542
Profit for the year		—	—	—	110,774	110,774	(1,024)	109,750
Currency translation differences		—	10,234	—	—	10,234	222	10,456
Total recognised income and expense for year 2005		—	10,234	—	110,774	121,008	(802)	120,206
Dividends paid	32	—	—	—	(38,665)	(38,665)	(102)	(38,767)
Appropriation to statutory reserves	20(d)	—	—	4,634	(4,634)	—	—	—
Changes in shareholding of minority interests of subsidiaries	20(e)	—	—	—	—	—	(589)	(589)
		—	—	4,634	(43,299)	(38,665)	(691)	(39,356)
As at December 31, 2005		209,184	7,588	32,998	376,881	626,651	8,741	635,392
Profit for the year		—	—	—	126,826	126,826	(3,178)	123,648
Currency translation differences		—	24,044	—	—	24,044	306	24,350
Total recognised income and expense for year 2006		—	24,044	—	126,826	150,870	(2,872)	147,998
Purchase of treasury shares	20(c)	(127)	—	—	—	(127)	—	(127)
Dividends paid	32	—	—	—	(25,777)	(25,777)	(105)	(25,882)
Reversal of dividend	20(f)	—	—	—	—	—	309	309
Appropriation to statutory reserves	20(d)	—	—	7,507	(7,507)	—	—	—
Changes in shareholding of minority interests of subsidiaries	20(e)	—	—	—	—	—	976	976
		(127)	—	7,507	(33,284)	(25,904)	1,180	(24,724)
As at December 31, 2006		209,057	31,632	40,505	470,423	751,617	7,049	758,666

		Attributable to equity holders of the Company						
	Section II Note	Capital reserves 20(g)	Currency Realignment	Statutory reserves	Retained earnings	Total	Minority interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
For the nine months ended September 30, 2006 (unaudited)								
As at December 31, 2005 . . .		209,184	7,588	32,998	376,881	626,651	8,741	635,392
Profit for the period		—	—	—	85,791	85,791	(1,891)	83,900
Currency translation differences		—	14,175	—	—	14,175	221	14,396
Total recognised income and expense for the nine months ended September 30, 2006		—	14,175	—	85,791	99,966	(1,670)	98,296
Dividends paid	32	—	—	—	(25,777)	(25,777)	(105)	(25,882)
Appropriation to statutory reserves	20(d)	—	—	5,316	(5,316)	—	—	—
Changes in shareholding of minority interests of subsidiaries	20(e)	—	—	—	—	—	966	966
		—	—	5,316	(31,093)	(25,777)	861	(24,916)
As at September 30, 2006 . .		209,184	21,763	38,314	431,579	700,840	7,932	708,772
For the nine months ended September 30, 2007								
As at December 31, 2006 . . .		209,057	31,632	40,505	470,423	751,617	7,049	758,666
Profit for the period		—	—	—	124,205	124,205	(2,044)	122,161
Currency translation differences		—	29,569	—	—	29,569	273	29,842
Total recognised income and expense for the nine months ended September 30, 2007		—	29,569	—	124,205	153,774	(1,771)	152,003
Purchase of treasury shares . . .	20(c)	(2,426)	—	—	—	(2,426)	—	(2,426)
Dividends paid	32	—	—	—	(25,775)	(25,775)	(111)	(25,886)
Appropriation to statutory reserves	20(d)	—	—	13,043	(13,043)	—	—	—
Changes in shareholding of minority interests of subsidiaries	20(e)	—	—	—	—	—	(9)	(9)
		(2,426)	—	13,043	(38,818)	(28,201)	(120)	(28,321)
As at September 30, 2007 . .		206,631	61,201	53,548	555,810	877,190	5,158	882,348

(d) Combined cash flow statements

	Section II Note	Year ended December 31, 2004 US$'000	2005 US$'000	2006 US$'000	Nine months ended September 30, 2006 US$'000 (unaudited)	2007 US$'000
Cash flows from operating activities:						
Cash generated from operations	33(a)	98,872	181,171	176,630	117,544	154,863
Interest income received		1,961	1,869	1,866	1,247	999
Interest expenses paid		(1,459)	(4,160)	(12,465)	(8,601)	(16,648)
Income tax paid		(11,033)	(12,778)	(16,287)	(10,903)	(15,467)
Net cash generated from operating activities		88,341	166,102	149,744	99,287	123,747
Cash flows from investing activities:						
Prepayment for the acquisition of subsidiaries	34	(20,938)	—	—	—	—
Acquisition of subsidiaries	34	—	(7,402)	—	—	—
Additions of property, plant and equipment	7	(67,947)	(147,442)	(130,233)	(102,790)	(82,000)
Additions of leasehold land and land use rights	8	(7,655)	(8,774)	(14,300)	(10,322)	(6,877)
Additions of investment properties	9	(1,165)	(4,066)	(6,252)	(3,318)	(6,658)
Additions of intangible assets	10	(62)	(501)	(257)	(197)	(130)
Additions of properties under development for sale	15	(6,770)	(45,509)	(33,303)	(36,638)	(26,697)
Proceeds from disposal of leasehold land and land use rights	33(b)	8	—	770	—	—
Proceeds from disposal of property, plant and equipment	33(b)	2,502	2,349	2,626	840	15,264
Acquisition of financial assets at fair value through profit or loss		(3,606)	(259)	(303)	—	—
Proceeds from disposal of financial assets at fair value through profit or loss		18,017	3,299	716	330	—
Net cash used in investing activities		(87,616)	(208,305)	(180,536)	(152,095)	(107,098)
Cash flows from financing activities:						
Proceeds from borrowings		25,495	111,986	195,217	168,893	335,796
Repayments of borrowings		(1,981)	(13,456)	(122,793)	(113,495)	(210,007)
Cash paid or generated in relation to changes in shareholding in minority interests of subsidiaries		(66)	(589)	976	966	(9)
Dividends paid	32	(44,912)	(38,665)	(25,777)	(25,777)	(25,775)
Dividends paid to minority shareholders		(103)	(102)	(105)	(105)	(111)
Ordinary shares buy-back		(3,148)	—	—	—	—
Purchase of treasury shares		—	—	(127)	—	(2,426)
Proceeds from issue of shares upon exercise of warrants		11,418	—	—	—	—
Net cash generated from/(used in) financing activities		(13,297)	59,174	47,391	30,482	97,468
Net effect of exchange rate changes in consolidating subsidiaries		696	2,178	5,081	3,971	5,197
Net increase/(decrease) in cash and cash equivalents		(11,876)	19,149	21,680	(18,355)	119,314
Cash and cash equivalents at beginning of the year/period	19	156,161	144,285	163,434	163,434	185,114
Cash and cash equivalents at end of the year/period	19	144,285	163,434	185,114	145,079	304,428

II. NOTES TO THE FINANCIAL INFORMATION

1 Group structure, reorganisation and principal activities

(a) General information of the Group

The Company was incorporated in the Cayman Islands on October 3, 2007 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 in preparation for a listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"). The address of the Company's registered office is M&C Corporate Services Limited, P.O.Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company and its subsidiaries now comprising the Group are principally engaged in the manufacturing and distribution of food and beverages (the "Core Operations"). The Group's activities are primarily based in the People's Republic of China (the "PRC"), Taiwan and Singapore, and its products are also sold to South-East Asian countries, US and Europe.

(b) Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below, the Group's business was carried out by Want Want Holdings Ltd ("WWHL") and its then subsidiaries (collectively referred to as the "WWHL Group"), consisting of companies now comprising the Group as set out in Note 39 and other companies principally engaged in other businesses, including the operation of hospital, hotel, property businesses and other investments that were not related to the Core Operations (the "Non-core Operations") as set out in Note 39. WWHL was previously listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Pursuant to a privatisation which was completed in September 2007, WWHL was delisted from the SGX-ST on September 11, 2007.

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

In preparation for the Listing, the following reorganisation was further carried out to transfer the companies engaged in the Non-core Operations to the shareholders of the Company and the 0.13% minority shareholders of WWHL. This reorganisation involved the set up of San Want Holdings Limited as a wholly-owned subsidiary of WWHL on May 29, 2007; the Group's transfer of the subsidiaries engaged in the Non-core Operations to San Want Holdings Limited; and thereafter the distribution of the entire interest in San Want Holdings Limited to the shareholders of the Company and the 0.13% minority shareholders of WWHL by way of dividend in specie. The distribution of dividend in specie was completed in December 2007. Please refer to Note 38(b) of Section II below for details of the distribution and Note 6(b) of Section II below for the financial statements of the Core Operations and Non-core Operations during the Relevant Periods.

Subsequent to the completion of the above reorganisation steps (the "Reorganisation"), the Group is now engaged in the Core Operations only.

The Company's direct and indirect interests in its subsidiaries as at the date of this report are set out in Note 39.

2 Basis of presentation

For the purpose of this report, the Financial Information is prepared on a combined basis as prescribed by the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. The Financial Information presents the combined financial positions, results and cashflows of the companies now comprising the Group which are engaged in the Core Operations, as well as the companies engaged in the Non-core Operations, and as if the group structure had been in existence throughout the Relevant Periods or since the respective dates of incorporation/establishment or acquisition, whichever is the shorter period, or up to the respective dates of winding up/liquidation, disposal by way of sales or distribution of dividends in specie. The financial statements of the subsidiaries engaged in the Non-core Operations have been included in the Financial Information throughout the Relevant Periods as they formed an integral part of the businesses of the Group prior to the transfer of these companies to the shareholders of the Company and the 0.13% minority shareholders of WWHL by way of distribution of dividend in specie in December 2007.

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

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods presented.

The Financial Information has been prepared in accordance with HKFRSs and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss which are carried at fair value.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 5 below.

As at the date of this report, the following new standards, amendments and interpretations have been issued by HKICPA but are not yet effective for the accounting period ended September 30, 2007 and have not been early adopted by the Group.

- HKFRS 8, "Operating Segments", effective for annual periods beginning on or after January 1, 2009. This standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker. The amount reported for each operating segment should be the measure reported to the decision maker for the purpose of allocating resources to the segment and assessing its performance. It also requires the disclosure of information about an entity's products and services, the geographic areas in which it operates, and its major customers. It is not expected to have a material impact on the Group's financial statements, as the present operating segments were already identified on the basis of internal reports reviewed by the decision maker.

- HK(IFRIC)-Interpretation 11, "HKFRS 2 — Group and Treasury Share Transactions", effective for annual periods beginning on or after March 1, 2007. This standard provides guidance on how to account for share-based payment arrangements to an entity's employees involving equity instruments of its parent company. If the equity instruments are granted by its parent company and accounted for as equity-settled in its parent's consolidated financial statements, the entity should account for the share-based payment arrangements as equity-settled. If the equity instruments are granted by the entity, the entity should account for the share-based payment arrangements as cash-settled. The Group is assessing the impact of this accounting standard and it is not expected to have a material impact to the Group's financial statements.

- HK(IFRIC)-Interpretation 12, "Service concession arrangements", effective for annual periods beginning on or after January 1, 2008. This standard provides guidance on the accounting by operators for public-to-private services concession agreements. This standard is not relevant to the Group's operations.

- HKAS 23 (revised), "Borrowing Cost", effective for annual periods beginning on or after January 1, 2009. This standard removes the option to expense borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. This standard only applies to qualifying assets measured at cost and excludes inventories that are routinely manufactured, or otherwise produced in large quantities on a repetitive basis. It is not expected to have a material impact on the Group's financial statements, as the Group has already chosen the allowed alternative treatment to capitalise borrowing cost attributable to qualifying assets under original HKAS 23.

- HK(IFRIC)-Interpretation 13, "Customer Loyalty Programmes", effective for annual periods beginning on or after July 1, 2008. This standard addresses accounting by entities that grant loyalty award credits (such as 'points' or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. The Group is assessing the impact of this accounting standard and it is not expected to have a material impact to the Group's financial statements.

- HK(IFRIC)-14, "HKAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction", effective for annual periods beginning on or after January 1, 2008. It provides guidance on assessing the limit in HKAS 19, "Employee Benefits", on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. It is not expected to have a material impact on the Group's financial statements.

3.1 Subsidiaries

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

Acquisitions of entities that are under common control have been combined using the uniting of interest method. Other acquisitions of subsidiaries by the Group are accounted for using the purchase method of accounting. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 3.8(a)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred.

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

3.2 Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost.

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

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

Dilution gains and losses in associated companies are recognised in the combined income statements.

3.3 Segment reporting

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

3.4 Foreign currency translation

(a) *Functional and presentation currency*
Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The combined financial statements are presented in United States Dollars ("US$"), which is the Company's functional and presentation currency.

(b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

(c) *Group companies*

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

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.5 Property, plant and equipment

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

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

Buildings comprise factory plants, warehouses and hotel properties.

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.9).

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

3.6 Leasehold land and land use rights

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

3.7 Investment property

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

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

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged in the combined income statements during the financial period in which they are incurred.

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

3.8 Intangible assets

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

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

(b) *Trademarks*
Acquired trademarks are shown at historical cost. Trademarks with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

3.9 Impairment of investments in subsidiaries, associates and non-financial assets

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

3.10 Financial assets

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

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

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

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

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

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

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

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

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

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

3.11 Inventories

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

3.12 Property under development for sale

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

3.13 Trade and other receivables

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

3.14 Cash and cash equivalents

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

3.15 Share capital

Ordinary shares are classified as equity.

3.16 Treasury shares

When the company purchases the company's equity share capital, the consideration paid, including any directly attributable costs, is shown as treasury shares within shareholders' equity. When the shares are subsequently disposed, the realised gains or losses on disposal of the treasury shares are included in other reserves of the company.

3.17 Trade payables

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

3.18 Borrowings

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

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

3.19 Borrowing costs

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

3.20 Deferred income tax

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

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

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

3.21 Employee benefits — pension obligations (defined contribution plan)

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

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

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

(c) *Bonus plan*
The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

3.22 Provisions

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

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

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

3.23 Revenue recognition

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

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

(b) *Revenue from hotel operations*
Hotel room revenue is recognised based on room occupancy while other hotel revenue are recognised when the goods are delivered or when the services are rendered to the customers.

(c) *Service revenue from hospital*
Service revenue from hospital is recognised upon provision of hospital services.

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

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

(f) *Dividend income*
Dividend income is recognised when the right to receive payment is established.

3.24 Government grants

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

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

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

3.25 Operating leases

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

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

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

3.26 Contingent liabilities and contingent assets

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

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

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

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3.27 Dividend distribution

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

4 Financial risk management

4.1 Financial risk factors

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

(a) *Market risk*

(i) Foreign currency risk

The Company's functional currency is US$ and majority of its subsidiaries' functional currency is Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions of sales in mainland China and limited purchases from overseas, recognised assets or liabilities, such as available for sale financial assets (Note 12), cash and cash equivalent (Note 19) and bank borrowings (Note 23), which are mainly denominated in RMB and US$, and net investments in foreign operations. The Group has not hedged its foreign exchange rate risk because the exposure is not significant.

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

As at December 31, 2004, 2005 and 2006 and September 30, 2007, if US$ had strengthened/weakened by 10% against RMB with all other variables held constant, the post-tax profit for each year/period would have changed mainly as a result of foreign exchange gains/losses on translation of RMB and US$ denominated cash and cash equivalent and borrowings. Details of the changes are as follows:

	December 31,			September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Year/period ended:				
Post-tax profit increase / (decrease)				
— Strengthened 10%	(7,949)	(6,019)	(9,818)	(13,853)
— Weakened 10%	7,949	6,019	9,818	13,853
As at:				
Owners' equity increase / (decrease)				
— Strengthened 10%	(20,451)	(10,164)	(13,453)	(25,742)
— Weakened 10%	20,451	10,164	13,453	25,742

(ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the combined balance sheets either as available-for-sale or at fair value through profit or loss. The Group has not hedged its price risk arising from investments in equity securities financial assets (Note 12).

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

(iii) Cash flow and fair value interest rate risk

Except for bank deposits (Note 19), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The Group has not hedged its cash flow and fair value interest .rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 23.

As at December 31, 2004, 2005 and 2006 and September 30, 2007, if interest rates on bank borrowings had been 10 basis points higher/lower with all other variables held constant, the post-tax profit for each year/period would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of the changes are as follows:

	Year ended December 31,			Nine months ended September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Post-tax profit increase / (decrease)				
— Higher 10%	(145)	(413)	(1,109)	(893)
— Lower 10%	145	413	1,109	893

(b) *Credit risk*

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

As at December 31, 2004, 2005 and 2006 and September 30, 2007, all bank deposits and cash and cash equivalents were deposited in the high quality financial institutions without significant credit risk. The table below shows the bank deposit balances of the three major counterparties as at December 31, 2004, 2005 and 2006 and September 30, 2007:

		As at December 31,			As at September 30,
		2004	2005	2006	2007
Counterparty	**Rating***	**US$'000**	**US$'000**	**US$'000**	**US$'000**
China Merchants Bank	BBB	20,835	16,234	48,175	54,265
Bank of Communication	BBB+	21,299	28,346	19,572	64,626
Bank of China	BBB+	16,084	18,917	14,561	16,468
		58,218	63,497	82,308	135,359

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

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

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

(c) *Liquidity risk*

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
As at December 31, 2004					
Borrowings	19,864	—	55,000	—	74,864
Interests payments on borrowings[(i)]	1,832	1,190	653	—	3,675
Trade payables	35,113	322	—	—	35,435
Accruals and other payables	58,643	—	—	—	58,643
	115,452	1,512	55,653	—	172,617
As at December 31, 2005					
Borrowings	27,565	105,000	2,475	38,354	173,394
Interests payments on borrowings[(i)]	7,284	4,502	7,249	4,162	23,197
Trade payables	71,058	545	—	—	71,603
Accruals and other payables	95,915	—	—	—	95,915
	201,822	110,047	9,724	42,516	364,109
As at December 31, 2006					
Borrowings	189,385	11,737	3,781	40,915	245,818
Interests payments on borrowings[(i)]	9,363	2,674	8,378	3,415	23,830
Trade payables	93,407	637	—	—	94,044
Accruals and other payables	101,526	—	—	—	101,526
	393,681	15,048	12,159	44,330	465,218
As at September 30, 2007					
Borrowings	65,690	11,071	251,713	43,133	371,607
Interests payments on borrowings[(i)]	18,104	12,253	10,578	2,858	43,793
Trade payables	69,088	763	—	—	69,851
Accruals and other payables	97,755	—	—	—	97,755
	250,637	24,087	262,291	45,991	583,006

(i) The interest on borrowings is calculated based on borrowings held as at December 31, 2004, 2005, 2006 and September 30, 2007 without taking account of future issues. Floating-rate interest is estimated using current interest rate as at December 31, 2004, 2005, 2006 and September 30, 2007 respectively.

4.2 Capital risk management

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

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

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

The Group's strategy is to maintain a gearing ratio within 20% to 50%. The gearing ratios at December 31, 2004, 2005 and 2006 and September 30, 2007 were as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Total debts[i]	168,942	340,912	441,388	539,213
Less: cash and cash equivalent (Note 19)	(144,285)	(163,434)	(185,114)	(304,428)
Net debt	24,657	177,478	256,274	234,785
Total equity	554,542	635,392	758,666	882,348
Total capital	579,199	812,870	1,014,940	1,117,133
Gearing ratio	4%	22%	25%	21%

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

The increase in the gearing ratio as at December 31, 2005, 2006 and September 30, 2007 resulted primarily from the increase in borrowings.

4.3 Fair value estimation

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

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

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

5 Critical accounting estimates and assumptions

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

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

Income taxes

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

6 Sales and segment information

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

Core Operations:

Manufacturing and sale of rice crackers products - including sugar coated crackers, savoury crackers and fried crackers

Dairy products and beverages - including flavored milk, yoghurt drinks, ready-to-drink coffee, carbonated drinks, herbal tea and milk powder.

Snack foods - including candies, popsicles and jellies, ball cakes and beans and nuts.

Other products - mainly wine and other food products.

Non-core Operations:

Hotel operations, property development, hospital services and others comprising the operation of fast food stores and bakery. During the Relevant Periods, there was no revenue from property development since the property projects were at development stage and had not commenced sales.

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

(a) Sales of the Group

The sales of the Group during the Relevant Periods are set out as follows:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Core Operations					
Rice crackers	217,389	267,267	307,511	191,053	230,031
Dairy products and beverages	135,544	198,487	276,754	195,303	275,144
Snack foods	148,924	195,962	257,314	201,827	244,666
Other products	10,659	10,632	8,369	6,078	6,505
	512,516	672,348	849,948	594,261	756,346
Non-core Operations					
Hotel operations	—	3,627	3,366	2,619	540
Hospital services and others	6,027	8,174	10,289	7,888	8,647
	6,027	11,801	13,655	10,507	9,187
Elimination	(14)	(2,293)	(1,947)	(1,904)	(56)
Total sales	518,529	681,856	861,656	602,864	765,477

The elimination of sales mainly represented the sales of bakery products from a Non-core Operations company to Core Operations companies.

(b) **Financial information of Core and Non-core Operations**

Balance sheets of Core and Non-core Operations of the Group

	As at December 31, 2004				As at December 31, 2005				As at December 31, 2006				As at September 30, 2007			
	Core Operations	Non-core Operations	Elimi-nations	Total	Core Operations	Non-core Operations	Elimi-nations	Total	Core Operations	Non-core Operations	Elimi-nations	Total	Core Operations	Non-core Operations	Elimi-nations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS																
Non-current assets																
Property, plant and equipment	283,429	31,675	—	315,104	338,958	107,179	—	446,137	398,333	123,591	—	521,924	425,718	144,386	—	570,104
Leasehold land and land use rights ...	21,386	9,206	—	30,592	28,207	32,929	—	61,136	34,647	39,916	—	74,563	41,707	39,997	—	81,704
Investment properties	3,059	12,159	—	15,218	2,992	16,550	—	19,542	2,829	23,518	—	26,347	2,806	32,142	—	34,948
Intangible assets	1,138	—	—	1,138	1,416	6,432	—	7,848	1,515	6,432	—	7,947	1,511	6,432	—	7,943
Associated companies	519	—	—	519	407	—	—	407	239	—	—	239	1,425	—	—	1,425
Available-for-sale financial assets ...	830	—	—	830	652	—	—	652	652	—	—	652	652	—	—	652
Deferred income tax assets	516	—	—	516	582	—	—	582	648	—	—	648	522	—	—	522
	310,877	53,040	—	363,917	373,214	163,090	—	536,304	438,863	193,457	—	632,320	474,341	222,957	—	697,298
Current assets																
Inventories	102,775	251	—	103,026	142,628	856	—	143,484	169,948	956	—	170,904	162,638	1,758	—	164,396
Properties under development for sale	—	7,101	—	7,101	—	53,397	—	53,397	22,751	87,502	—	110,253	23,230	118,021	—	141,251
Trade receivables ...	43,334	410	—	43,744	48,205	1,187	—	49,392	54,445	529	—	54,974	52,718	497	—	53,215
Prepayments, deposits and other receivables	65,283	28,519	(34,199)	59,603	69,819	12,319	(42,555)	39,583	146,448	22,701	(113,515)	55,634	65,265	31,191	(28,620)	67,836
Financial assets at fair value through profit or loss	3,959	—	—	3,959	914	365	—	1,279	1,052	35	—	1,087	1,092	37	—	1,129
Cash and cash equivalents	117,098	27,187	—	144,285	140,268	23,166	—	163,434	167,419	17,695	—	185,114	276,807	27,621	—	304,428
	332,449	63,468	(34,199)	361,718	401,834	91,290	(42,555)	450,569	562,063	129,418	(113,515)	577,966	581,750	179,125	(28,620)	732,255
Total assets	643,326	116,508	(34,199)	725,635	775,048	254,380	(42,555)	986,873	1,000,926	322,875	(113,515)	1,210,286	1,056,091	402,082	(28,620)	1,429,553

	As at December 31, 2004				As at December 31, 2005				As at December 31, 2006				As at September 30, 2007			
	Core Operations	Non-core Operations	Eliminations	Total	Core Operations	Non-core Operations	Eliminations	Total	Core Operations	Non-core Operations	Eliminations	Total	Core Operations	Non-core Operations	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
EQUITY																
Owner's equity attributable to equity holders of the Company	463,952	80,356	—	544,308	491,696	134,955	—	626,651	593,332	158,285	—	751,617	620,172	257,018	—	877,190
Minority interests	5,034	5,200	—	10,234	4,545	4,196	—	8,741	5,312	1,737	—	7,049	5,038	120	—	5,158
	468,986	85,556	—	554,542	496,241	139,151	—	635,392	598,644	160,022	—	758,666	625,210	257,138	—	882,348
LIABILITIES																
Non-current liabilities																
Borrowings	55,000	—	—	55,000	105,000	40,829	—	145,829	9,173	47,260	—	56,433	209,139	96,778	—	305,917
Deferred tax liability	—	—	—	—	—	8,175	—	8,175	—	7,696		7,696	—	5,559	—	5,559
	55,000	—	—	55,000	105,000	49,004	—	154,004	9,173	54,956	—	64,129	209,139	102,337	—	311,476
Current liabilities																
Trade payables	34,789	646	—	35,435	70,464	1,139	—	71,603	92,136	1,908	—	94,044	66,355	3,496	—	69,851
Accruals and other payables	62,536	30,306	(34,199)	58,643	73,384	65,086	(42,555)	95,915	109,107	105,934	(113,515)	101,526	109,625	16,750	(28,620)	97,755
Borrowings	19,864	—	—	19,864	27,565	—	—	27,565	189,385	—	—	189,385	43,329	22,361	—	65,690
Current income tax liabilities	2,151	—	—	2,151	2,394	—	—	2,394	2,481	55	—	2,536	2,433	—	—	2,433
	119,340	30,952	(34,199)	116,093	173,807	66,225	(42,555)	197,477	393,109	107,897	(113,515)	387,491	221,742	42,607	(28,620)	235,729
Total liabilities	174,340	30,952	(34,199)	171,093	278,807	115,229	(42,555)	351,481	402,282	162,853	(113,515)	451,620	430,881	144,944	(28,620)	547,205
Total equity and liabilities	643,326	116,508	(34,199)	725,635	775,048	254,380	(42,555)	986,873	1,000,926	322,875	(113,515)	1,210,286	1,056,091	402,082	(28,620)	1,429,553

Income Statements of Core and Non-core Operations of the Group

	Year ended December 31, 2004				Year ended December 31, 2005				Year ended December 31, 2006			
	Core Operations	Non-core Operations	Elimi-nations	Total	Core Operations	Non-core Operations	Elimi-nations	Total	Core Operations	Non-core Operations	Elimi-nations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Sales	512,516	6,027	(14)	518,529	672,348	11,801	(2,293)	681,856	849,948	13,655	(1,947)	861,656
Cost of sales	(315,520)	(2,063)	14	(317,569)	(414,943)	(6,651)	2,293	(419,301)	(529,349)	(6,937)	1,947	(534,339)
Gross profit	196,996	3,964	—	200,960	257,405	5,150	—	262,555	320,599	6,718	—	327,317
Other gains/(losses), net	(2,158)	(63)	—	(2,221)	(285)	(245)	—	(530)	1,006	(107)	—	899
Other income	11,053	1	—	11,054	15,696	—	(264)	15,432	29,806	44	(1,423)	28,427
Selling and distribution expenses	(69,118)	(2,513)	—	(71,631)	(79,454)	(3,506)	—	(82,960)	(105,315)	(5,919)	—	(111,234)
Administrative expenses	(54,032)	(3,221)	—	(57,253)	(63,093)	(6,797)	—	(69,890)	(85,854)	(10,634)	—	(96,488)
Operating profit/(loss)	82,741	(1,832)	—	80,909	130,269	(5,398)	(264)	124,607	160,242	(9,898)	(1,423)	148,921
Finance income	1,680	281	—	1,961	1,607	262	—	1,869	1,701	165	—	1,866
Finance costs	(543)	(916)	—	(1,459)	(2,285)	(2,139)	264	(4,160)	(4,965)	(7,554)	1,423	(11,096)
Finance income/(costs), net	1,137	(635)	—	502	(678)	(1,877)	264	(2,291)	(3,264)	(7,389)	1,423	(9,230)
Share of results of associated companies	75	—	—	75	(50)	—	—	(50)	(159)	—	—	(159)
Profit/(loss) before income tax	83,953	(2,467)	—	81,486	129,541	(7,275)	—	122,266	156,819	(17,287)	—	139,532
Income tax expense	(9,533)	(102)	—	(9,635)	(12,897)	381	—	(12,516)	(16,292)	408		(15,884)
Profit/(loss) for the year	74,420	(2,569)	—	71,851	116,644	(6,894)	—	109,750	140,527	(16,879)	—	123,648
Attributable to:												
Equity holders of the Company	74,891	(2,266)	—	72,625	116,814	(6,040)	—	110,774	141,192	(14,366)	—	126,826
Minority interests	(471)	(303)	—	(774)	(170)	(854)	—	(1,024)	(665)	(2,513)	—	(3,178)
	74,420	(2,569)	—	71,851	116,644	(6,894)	—	109,750	140,527	(16,879)	—	123,648

	Nine months ended September 30, 2006 (unaudited)				Nine months ended September 30, 2007			
	Core Operations	Non-core Operations	Elimi-nations	Total	Core Operations	Non-core Operations	Elimi-nations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
(Continued)								
Sales	594,261	10,507	(1,904)	602,864	756,346	9,187	(56)	765,477
Cost of sales	(371,457)	(6,321)	1,904	(375,874)	(457,649)	(5,391)	56	(462,984)
Gross profit	222,804	4,186	—	226,990	298,697	3,796	—	302,493
Other gains/(losses), net	1,135	(80)	—	1,055	6,362	(499)	—	5,863
Other income	20,696	3	(894)	19,805	18,073	—	(1,400)	16,673
Selling and distribution expenses	(75,193)	(4,500)	—	(79,693)	(92,173)	(5,065)	—	(97,238)
Administrative expenses	(60,425)	(7,319)	—	(67,744)	(72,234)	(10,048)	—	(82,282)
Operating profit/(loss)	109,017	(7,710)	(894)	100,413	158,725	(11,816)	(1,400)	145,509
Finance income	1,127	120	—	1,247	823	176	—	999
Finance costs	(3,589)	(4,879)	894	(7,574)	(3,270)	(9,062)	1,400	(10,932)
Finance income/(costs), net	(2,462)	(4,759)	894	(6,327)	(2,447)	(8,886)	1,400	(9,933)
Share of results of associated companies	(44)	—	—	(44)	(62)	—	—	(62)
Profit/(loss) before income tax	106,511	(12,469)	—	94,042	156,216	(20,702)	—	135,514
Income tax expense	(10,489)	347	—	(10,142)	(15,483)	2,130	—	(13,353)
Profit/(loss) for the period	96,022	(12,122)	—	83,900	140,733	(18,572)	—	122,161
Attributable to:								
Equity holders of the Company	96,279	(10,488)	—	85,791	141,044	(16,839)	—	124,205
Minority interests	(257)	(1,634)	—	(1,891)	(311)	(1,733)	—	(2,044)
	96,022	(12,122)	—	83,900	140,733	(18,572)	—	122,161

Cash flow statements of Core and Non-core Operations of the Group

	Year ended December 31, 2004				Year ended December 31, 2005				Year ended December 31, 2006			
	Core operations	Non-core operations	Elimi-nations	Total	Core operations	Non-core operations	Elimi-nations	Total	Core operations	Non-core operations	Elimi-nations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities:												
Profit/(loss) before income tax	83,953	(2,467)	—	81,486	129,541	(7,275)	—	122,266	156,819	(17,287)	—	139,532
Adjustments for:												
— share of results of associated companies	(75)	—	—	(75)	50	—	—	50	159	—	—	159
— Interest income	(1,680)	(281)	—	(1,961)	(1,607)	(262)	—	(1,869)	(1,701)	(165)	—	(1,866)
— Interest expense	543	916	—	1,459	2,285	2,139	(264)	4,160	4,965	7,554	(1,423)	11,096
— Depreciation of property, plant and equipment	32,336	979	—	33,315	36,397	2,845	—	39,242	38,839	6,850	—	45,689
— Amortisation of leasehold land and land use rights	333	5	—	338	562	504	—	1,066	886	836	—	1,722
— Depreciation of investment properties	14	—	—	14	15	—	—	15	16	—	—	16
— Amortisation of intangible assets	174	—	—	174	246	—	—	246	173	—	—	173
— Losses/(gains) on disposal of leasehold land and land use rights and property, plant and equipment	531	—	—	531	868	(6)	—	862	1,076	161	—	1,237
— Gain on disposal of financial assets at fair value through profit or loss	(9)	—	—	(9)	(86)	—	—	(86)	(127)	—	—	(127)
— Impairment on available-for-sale financial assets	—	—	—	—	178	—	—	178	—	—	—	—
— Negative goodwill	—	—	—	—	(475)	—	—	(475)	—	—	—	—
	116,120	(848)	—	115,272	167,974	(2,055)	(264)	165,655	201,105	(2,051)	(1,423)	197,631
Changes in working capital:												
— (Increase) / decrease in trade receivables	(2,865)	(49)	—	(2,914)	(4,871)	(609)	—	(5,480)	(6,240)	658	—	(5,582)
— (Increase) / decrease in prepayments, deposits and other receivables	(40,312)	(5,472)	34,199	(11,585)	(4,518)	(4,384)	8,356	(546)	(76,629)	(10,382)	70,960	(16,051)
— (Increase) / decrease in inventories	1,427	99	—	1,526	(39,853)	(523)	—	(40,376)	(27,320)	(100)	—	(27,420)
— Increase in trade payables	3,056	96	—	3,152	35,675	493	—	36,168	21,672	769	—	22,441
— Increase / (decrease) in accruals and other payables	5,728	21,892	(34,199)	(6,579)	10,812	23,294	(8,356)	25,750	35,723	40,848	(70,960)	5,611
Cash generated from operations	83,154	15,718	—	98,872	165,219	16,216	(264)	181,171	148,311	29,742	(1,423)	176,630
Interest income received	1,680	281	—	1,961	1,607	262	—	1,869	1,701	165	—	1,866
Interest expenses paid	(543)	(916)	—	(1,459)	(2,285)	(2,139)	264	(4,160)	(4,965)	(8,923)	1,423	(12,465)
Income tax paid	(10,931)	(102)	—	(11,033)	(12,720)	(58)	—	(12,778)	(16,271)	(16)	—	(16,287)
Net cash generated from operating activities	73,360	14,981	—	88,341	151,821	14,281	—	166,102	128,776	20,968	—	149,744

	Year ended December 31, 2004				Year ended December 31, 2005				Year ended December 31, 2006			
	Core operations	Non-core operations	Elimi-nations	Total	Core operations	Non-core operations	Elimi-nations	Total	Core operations	Non-core operations	Elimi-nations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from investing activities:												
Prepayment for the acquisition of subsidiaries	—	(20,938)	—	(20,938)	—	—	—	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	(1,944)	(5,458)	—	(7,402)	—	—	—	—
Additions of property, plant and equipment	(45,871)	(22,076)	—	(67,947)	(85,511)	(61,931)	—	(147,442)	(111,303)	(18,930)	—	(130,233)
Additions of leasehold land and land use rights	(7,401)	(254)	—	(7,655)	(6,195)	(2,579)	—	(8,774)	(6,708)	(7,592)	—	(14,300)
Additions of investment properties	—	(1,165)	—	(1,165)	—	(4,066)	—	(4,066)	—	(6,252)	—	(6,252)
Additions of intangible assets	(62)	—	—	(62)	(501)	—	—	(501)	(257)	—	—	(257)
Additions of properties under development for sale	—	(6,770)	—	(6,770)	—	(45,509)	—	(45,509)	—	(33,303)	—	(33,303)
Proceeds from disposal of leasehold land and land use rights	8	—	—	8	—	—	—	—	770	—	—	770
Proceeds from disposal of property, plant and equipment	2,342	160	—	2,502	2,300	49	—	2,349	1,027	1,599	—	2,626
Acquisition of financial assets at fair value through profit and loss	(3,606)	—	—	(3,606)	(259)	—	—	(259)	(303)	—	—	(303)
Proceeds from disposal of financial assets at fair value through profit or loss	18,017	—	—	18,017	3,299	—	—	3,299	386	330	—	716
Investments in Non-core Operations	(41,824)	—	41,824	—	(60,142)	—	60,142	—	(30,572)	—	30,572	—
Net cash used in investing activities	(78,397)	(51,043)	41,824	(87,616)	(148,953)	(119,494)	60,142	(208,305)	(146,960)	(64,148)	30,572	(180,536)
Cash flows from financing activities:												
Proceeds from borrowings	25,495	—	—	25,495	71,157	40,829	—	111,986	188,786	6,431	—	195,217
Repayments of borrowings	(1,981)	—	—	(1,981)	(13,456)	—	—	(13,456)	(122,793)	—	—	(122,793)
Cash paid or generated in relation to changes in shareholding in minority interests of subsidiaries	(66)	—	—	(66)	(589)	—	—	(589)	976	—	—	976
Dividends paid	(44,912)	—	—	(44,912)	(38,665)	—	—	(38,665)	(25,777)	—	—	(25,777)
Dividends paid to minority shareholders	(103)	—	—	(103)	(102)	—	—	(102)	(105)	—	—	(105)
Ordinary shares buy-back	(3,148)	—	—	(3,148)	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—	—	—	—	(127)	—	—	(127)
Proceeds from issue of shares upon exercise of warrants	11,418	—	—	11,418	—	—	—	—	—	—	—	—
Proceeds from investments	—	41,824	(41,824)	—	—	60,142	(60,142)	—	—	30,572	(30,572)	—
Net cash generated from / (used in) financing activities	(13,297)	41,824	(41,824)	(13,297)	18,345	100,971	(60,142)	59,174	40,960	37,003	(30,572)	47,391
Net effect of exchange rate changes in consolidating subsidiaries	411	285	—	696	1,957	221	—	2,178	4,375	706		5,081
Net increase / (decrease) in cash and cash equivalents	(17,923)	6,047	—	(11,876)	23,170	(4,021)	—	19,149	27,151	(5,471)		21,680
Cash and cash equivalents at beginning of the year	135,021	21,140	—	156,161	117,098	27,187	—	144,285	140,268	23,166	—	163,434
Cash and cash equivalents at end of the year	117,098	27,187	—	144,285	140,268	23,166	—	163,434	167,419	17,695	—	185,114

	Nine months ended September 30, 2006 (unaudited)				Nine months ended September 30, 2007			
	Core operations	Non-core operations	Elimi-nations	Total	Core operations	Non-core operations	Elimi-nations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities:								
Profit / (loss) before income tax	106,511	(12,469)	—	94,042	156,216	(20,702)	—	135,514
Adjustments for:								
— share of results of associated companies	44	—	—	44	62	—	—	62
— Interest income	(1,127)	(120)	—	(1,247)	(823)	(176)	—	(999)
— Interest expense	3,589	4,879	(894)	7,574	3,270	9,062	(1,400)	10,932
— Depreciation of property, plant and equipment	30,605	5,579	—	36,184	34,315	6,292	—	40,607
— Amortisation of leasehold land and land use rights	707	619	—	1,326	895	741	—	1,636
— Depreciation of investment properties	12	—	—	12	12	—	—	12
— Amortisation of intangible assets	147	—	—	147	142	—	—	142
— Losses / (gains) on disposal of leasehold land and land use rights and property, plant and equipment	938	102	—	1,040	(1,215)	71	—	(1,144)
	141,426	(1,410)	(894)	139,122	192,874	(4,712)	(1,400)	186,762
Changes in working capital:								
— Decrease in trade receivables	3,978	449	—	4,427	1,727	32	—	1,759
— (Increase) / decrease in prepayments, deposits and other receivables	(46,490)	6,517	25,261	(14,712)	81,183	(8,490)	(84,895)	(12,202)
— (Increase) / decrease in inventories	(7,835)	(486)	—	(8,321)	7,310	(802)	—	6,508
— (Decrease) / increase in trade payables	(9,623)	1,252	—	(8,371)	(25,781)	1,588	—	(24,193)
— Increase / (decrease) in accruals and other payables	6,573	24,087	(25,261)	5,399	518	(89,184)	84,895	(3,771)
Cash generated from operations	88,029	30,409	(894)	117,544	257,831	(101,568)	(1,400)	154,863
Interest income received	1,127	120	—	1,247	823	176	—	999
Interest expenses paid	(3,589)	(5,906)	894	(8,601)	(3,270)	(14,778)	1,400	(16,648)
Income tax paid	(10,891)	(12)	—	(10,903)	(15,405)	(62)	—	(15,467)
Net cash generated from operating activities	74,676	24,611	—	99,287	239,979	(116,232)	—	123,747

	Nine months ended September 30, 2006 (unaudited)				Nine months ended September 30, 2007			
	Core operations	Non-core operations	Elimi-nations	Total	Core operations	Non-core operations	Elimi-nations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from investing activities:								
Additions of property, plant and equipment	(87,443)	(15,347)	—	(102,790)	(53,827)	(28,173)	—	(82,000)
Additions of leasehold land and land use rights	(8,292)	(2,030)	—	(10,322)	(6,877)	—	—	(6,877)
Additions of investment properties	—	(3,318)	—	(3,318)	—	(6,658)	—	(6,658)
Additions of intangible assets	(197)	—	—	(197)	(130)	—	—	(130)
Additions of properties under development for sale	—	(36,638)	—	(36,638)	—	(26,697)	—	(26,697)
Proceeds from disposal of property, plant and equipment	467	373	—	840	6,382	8,882	—	15,264
Proceeds from disposal of financial assets at fair value through profit or loss	—	330	—	330	—	—	—	—
Investments in Non-core Operations	(13,735)	—	13,735	—	(106,314)	—	106,314	—
Net cash used in investing activities	(109,200)	(56,630)	13,735	(152,095)	(160,766)	(52,646)	106,314	(107,098)
Cash flows from financing activities:								
Proceeds from borrowings	164,126	4,767	—	168,893	263,917	71,879	—	335,796
Repayments of borrowings	(113,495)	—	—	(113,495)	(210,007)	—	—	(210,007)
Cash paid or generated in relation to changes in shareholding in minority interests of subsidiaries	966	—	—	966	(9)	—	—	(9)
Dividends paid	(25,777)	—	—	(25,777)	(25,775)	—	—	(25,775)
Dividends paid to minority shareholders	(105)	—	—	(105)	(111)	—	—	(111)
Purchase of treasury shares	—	—	—	—	(2,426)	—	—	(2,426)
Proceeds from investments	—	13,735	(13,735)	—	—	106,314	(106,314)	—
Net cash generated from financing activities	25,715	18,502	(13,735)	30,482	25,589	178,193	(106,314)	97,468
Net effect of exchange rate changes in consolidating subsidiaries	3,557	414	—	3,971	4,586	611	—	5,197
Net increase / (decrease) in cash and cash equivalents	(5,252)	(13,103)	—	(18,355)	109,388	9,926	—	119,314
Cash and cash equivalents at beginning of the period	140,268	23,166	—	163,434	167,419	17,695	—	185,114
Cash and cash equivalents at end of the period	135,016	10,063	—	145,079	276,807	27,621	—	304,428

(c) Analysis by segments — Core Operations

(i) Primary reporting - business segment

	Year ended December 31, 2004					
	Core Operations					
	Rice crackers	Dairy products and beverages	Snack foods	Other products	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment results						
Sales	217,389	135,544	148,924	10,659	—	512,516
Segment profit/(loss)	19,873	36,068	34,954	(1,956)	(6,198)	82,741
Finance income, net						1,137
Share of results of associated companies						75
Profit before income tax						83,953
Income tax expense						(9,533)
Profit for the year						74,420
Other segment items included in the income statements						
Depreciation of Property, plant and equipment	12,746	8,717	9,038	1,835	—	32,336
Amortisation of leasehold land and land use rights	85	77	104	67	—	333
Depreciation of investment properties	—	—	—	14	—	14
Amortisation of intangible assets	—	—	—	—	174	174
Segment assets and liabilities						
Segment assets	268,355	106,325	199,141	67,848	1,138	642,807
Associated companies						519
Total assets						643,326
Segment liabilities	50,910	19,757	23,924	12,432	67,317	174,340
Capital expenditure	19,645	14,951	20,938	4,776	62	60,372

	Year ended December 31, 2005					
	Core Operations					
	Rice crackers	Dairy products and beverages	Snack foods	Other products	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment results						
Sales	267,267	198,487	195,962	10,632	—	672,348
Segment profit/(loss)	38,917	49,372	50,403	(280)	(8,143)	130,269
Finance costs, net						(678)
Share of results of associated companies						(50)
Profit before income tax						129,541
Income tax expense						(12,897)
Profit for the year						116,644
Other segment items included in the income statements						
Depreciation of Property, plant and equipment	12,960	10,824	10,160	2,453	—	36,397
Amortisation of leasehold land and land use rights	158	132	131	141	—	562
Depreciation of investment properties	—	—	—	15	—	15
Amortisation of intangible assets	—	—	—	—	246	246
Segment assets and liabilities						
Segment assets	303,852	113,641	272,200	83,936	1,012	774,641
Associated companies						407
Total assets						775,048
Segment liabilities	60,802	19,145	38,420	15,982	144,458	278,807
Capital expenditure	36,645	15,416	49,305	3,315	97	104,778

	Year ended December 31, 2006					
	Core Operations					
	Rice crackers	Dairy products and beverages	Snack foods	Other products	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment results						
Sales	307,511	276,754	257,314	8,369	—	849,948
Segment profit/(loss)	41,920	70,863	57,365	1,087	(10,993)	160,242
Finance costs, net						(3,264)
Share of results of associated companies						(159)
Profit before income tax						156,819
Income tax expense						(16,292)
Profit for the year						140,527
Other segment items included in the income statements						
Depreciation of Property, plant and equipment	12,915	10,523	11,008	4,393	—	38,839
Amortisation of leasehold land and land use rights	228	171	234	253	—	886
Depreciation of investment properties	—	—	—	16	—	16
Amortisation of intangible assets	—	—	—	—	173	173
Segment assets and liabilities						
Segment assets	318,006	231,643	351,318	85,601	14,119	1,000,687
Associated companies						239
Total assets						1,000,926
Segment liabilities	77,386	45,289	50,929	21,028	207,650	402,282
Capital expenditure	19,123	37,496	47,553	5,876	13,265	123,313

	Period ended September 30, 2006 (unaudited)					
	Core Operations					
	Rice crackers	Dairy products and beverages	Snack foods	Other products	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment results						
Sales	191,053	195,303	201,827	6,078	—	594,261
Segment profit/(loss)	19,799	49,437	47,571	202	(7,992)	109,017
Finance costs, net						(2,462)
Share of results of associated companies						(44)
Profit before income tax						106,511
Income tax expense						(10,489)
Profit for the period						96,022
Other segment items included in the income statements						
Depreciation of Property, plant and equipment	9,146	8,859	8,963	3,637	—	30,605
Amortisation of leasehold land and land use rights	190	141	194	182	—	707
Depreciation of investment properties	—	—	—	12	—	12
Amortisation of intangible assets	—	—	—	—	147	147
Segment assets and liabilities						
Segment assets	300,542	219,747	289,258	67,955	14,078	891,580
Associates companies						338
Total assets						891,918
Segment liabilities	61,781	30,830	38,564	14,554	180,171	325,900
Capital expenditure	13,009	25,461	34,433	1,998	13,205	88,106

	Period ended September 30, 2007					
	Core Operations					
	Rice crackers	Dairy products and beverages	Snack foods	Other products	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment results						
Sales	230,031	275,144	244,666	6,505	—	756,346
Segment profit/(loss)	34,611	73,720	59,208	(683)	(8,131)	158,725
Finance costs, net						(2,447)
Share of results associated Companies						(62)
Profit before income tax						156,216
Income tax expense						(15,483)
Profit for the period						140,733
Other segment items included in the income statements						
Depreciation of Property, plant and equipment	10,065	10,122	10,214	3,914	—	34,315
Amortisation of leasehold land and land use rights	244	197	265	189	—	895
Depreciation of investment properties	—	—	—	12	—	12
Amortisation of intangible assets	—	—	—	—	142	142
Segment assets and liabilities						
Segment assets	325,013	330,115	328,522	56,901	14,115	1,054,666
Associated companies						1,425
Total assets						1,056,091
Segment liabilities	77,028	38,748	35,098	22,216	257,791	430,881
Capital expenditure	20,452	21,891	17,097	2,120	130	61,690

Segment assets consist all assets of Core Operations other than unallocated assets and associated companies. Unallocated assets comprise aircraft and cash and cash equivalents at headquarters.

Segment liabilities comprise all liabilities of Core Operations other than unallocated liabilities which comprise mainly corporate borrowings.

Capital expenditure comprised additions to leasehold land and land use rights, property, plant and equipment and intangible assets, including additions resulting from acquisition through business combination (Note 34).

(ii) Secondary reporting — geographical segments

	Core Operations				
	Year ended December 31,			Nine months ended September 30	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Mainland China	438,853	591,404	771,640	535,091	688,502
Taiwan	35,349	41,389	38,278	31,117	33,059
Hong Kong and overseas	38,314	39,555	40,030	28,053	34,785
	512,516	672,348	849,948	594,261	756,346

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

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

(d) Analysis by segments — Non-core Operations

(i) *Primary reporting — business segment.*

	Year ended December 31, 2004			
	Non-core Operations			
	Hotel operations	Property development	Hospital services and others	Total
	US$'000	US$'000	US$'000	US$'000
Segment results				
Sales	—	—	6,027	6,027
Segment loss	—	(82)	(1,750)	(1,832)
Finance cost, net				(635)
Loss before income tax				(2,467)
Income tax expense				(102)
Loss for the year				(2,569)
Other segment items included in the income statements				
Depreciation of Property, plant and equipment	—	5	974	979
Amortisation of leasehold land and land use rights	—	—	5	5
Segment assets and liabilities				
Segment assets	4,512	34,386	77,610	116,508
Segment liability	14	1,536	29,402	30,952
Capital expenditure	—	1,529	14,928	16,457

	Year ended December 31, 2005			
	Non-core Operations			
	Hotel operations	Property development	Hospital services and others	Total
	US$'000	US$'000	US$'000	US$'000
Segment results				
Sales	3,627	—	8,174	11,801
Segment loss	(1,112)	(262)	(4,024)	(5,398)
Finance costs, net				(1,877)
Loss before income tax				(7,275)
Income tax expense				381
Loss for the year				(6,894)
Other segment items included in the income statements				
Depreciation of Property, plant and equipment	1,178	11	1,656	2,845
Amortisation of leasehold land and land use rights	—	—	504	504
Segment assets and liabilities				
Segment assets	62,985	90,015	101,380	254,380
Segment liability	26,363	19,935	68,931	115,229
Capital expenditure	6,694	4,462	44,445	55,601

	Year ended December 31, 2006			
	Non-core Operations			
	Hotel operations	Property development	Hospital services and others	Total
	US$'000	US$'000	US$'000	US$'000
Segment results				
Sales	3,366	—	10,289	13,655
Segment loss	(1,441)	(374)	(8,083)	(9,898)
Finance costs, net				(7,389)
Loss before income tax				(17,287)
Income tax expense				408
Loss for the year				(16,879)
Other segment items included in the income statements				
Depreciation of Property, plant and equipment	815	23	6,012	6,850
Amortisation of leasehold land and land use rights	107	—	729	836
Segment assets and liabilities				
Segment assets	87,713	137,043	98,119	322,875
Segment liability	34,559	52,127	76,167	162,853
Capital expenditure	16,392	6,123	7,393	29,908

	Period ended September 30, 2006 (unaudited)			
	Non-core Operations			
	Hotel operations	Property development	Hospital services and others	Total
	US$'000	US$'000	US$'000	US$'000
Segment results				
Sales	2,619	—	7,888	10,507
Segment loss	(727)	(272)	(6,711)	(7,710)
Finance costs, net				(4,759)
Loss before income tax				(12,469)
Income tax expense				347
Loss for the period				(12,122)
Other segment items included in the income statements				
Depreciation of Property, plant and equipment	504	17	5,058	5,579
Amortisation of leasehold land and land use rights	81	—	538	619
Segment assets and liabilities				
Segment assets	66,207	127,919	93,604	287,730
Segment liability	23,316	52,437	69,223	144,976
Capital expenditure	6,364	3,303	6,484	16,151

	Period ended September 30, 2007			
	Non-core Operations			
	Hotel operations	Property development	Hospital services and others	Total
	US$'000	US$'000	US$'000	US$'000
Segment results				
Sales	540	—	8,647	9,187
Segment loss	(3,390)	(509)	(7,917)	(11,816)
Finance costs, net				(8,886)
Loss before income tax				(20,702)
Income tax expense				2,130
Loss for the period				(18,572)
Other segment items included in the income statements				
Depreciation of Property, plant and equipment	20	18	6,254	6,292
Amortisation of leasehold land and land use rights	258	—	483	741
Segment assets and liabilities				
Segment assets	146,287	208,636	47,159	402,082
Segment liability	30,539	101,474	12,931	144,944
Capital expenditure	17,602	6,893	10,603	35,098

All the business activities of Non-core Operations are conducted in the Mainland China.

7 Property, plant and equipment

	Freehold land	Buildings	Furniture, machinery and equipment	Vehicles, aircraft and transportation	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At January 1, 2004						
Cost	27,725	120,805	290,088	11,783	9,355	459,756
Accumulated depreciation	—	(31,917)	(140,010)	(7,628)	—	(179,555)
Net book amount	27,725	88,888	150,078	4,155	9,355	280,201
Year ended December 31, 2004						
Opening net book amount	27,725	88,888	150,078	4,155	9,355	280,201
Additions	—	6,943	15,464	1,741	43,799	67,947
Transfer upon completion	—	1,358	3,633	—	(4,991)	—
Disposals of Core Operations	—	(17)	(1,905)	(328)	(623)	(2,873)
Disposals of Non-core Operations	—	—	(133)	(27)	—	(160)
Depreciation of Core Operations (Note 26)	—	(5,330)	(25,893)	(1,113)	—	(32,336)
Depreciation of Non-core Operations (Note 26)	—	(199)	(607)	(173)	—	(979)
Exchange differences	1,643	662	816	32	151	3,304
Closing net book amount	29,368	92,305	141,453	4,287	47,691	315,104
At December 31, 2004						
Cost	29,368	130,269	305,476	11,970	47,691	524,774
Accumulated depreciation	—	(37,964)	(164,023)	(7,683)	—	(209,670)
Net book amount	29,368	92,305	141,453	4,287	47,691	315,104
Core Operations	29,368	88,311	139,737	3,766	22,247	283,429
Non-core Operations	—	3,994	1,716	521	25,444	31,675
Net book amount	29,368	92,305	141,453	4,287	47,691	315,104
Year ended December 31, 2005						
Opening net book amount	29,368	92,305	141,453	4,287	47,691	315,104
Additions	—	10,194	21,018	7,715	108,515	147,442
Transfer upon completion	—	52,231	24,094	60	(76,385)	—
Disposals of Core Operations	—	(188)	(1,170)	(368)	(1,442)	(3,168)
Disposals of Non-core Operations	—	—	(21)	(22)	—	(43)
Depreciation of Core Operations (Note 26)	—	(5,873)	(29,386)	(1,138)	—	(36,397)
Depreciation of Non-core Operations (Note 26)	—	(1,375)	(1,263)	(207)	—	(2,845)
Acquisition of subsidiaries (Note 34)	—	18,923	531	—	—	19,454
Exchange differences	(512)	1,844	3,023	166	2,069	6,590
Closing net book amount	28,856	168,061	158,279	10,493	80,448	446,137
At December 31, 2005						
Cost	28,856	219,029	351,762	18,647	80,448	698,742
Accumulated depreciation	—	(50,968)	(193,483)	(8,154)	—	(252,605)
Net book amount	28,856	168,061	158,279	10,493	80,448	446,137
Core Operations	28,856	102,460	141,268	9,871	56,503	338,958
Non-core Operations	—	65,601	17,011	622	23,945	107,179
Net book amount	28,856	168,061	158,279	10,493	80,448	446,137

	Freehold land	Buildings	Furniture, machinery and factory equipment	Vehicles, aircraft and transportation	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended December 31, 2006						
Opening net book amount	28,856	168,061	158,279	10,493	80,448	446,137
Additions	—	4,138	39,821	15,673	71,970	131,602
Transfer upon completion	—	29,733	32,768	207	(62,708)	—
Reclassification to properties under development for sale (Note 15)	(16,659)	—	—	—	(6,092)	(22,751)
Disposals of Core Operations	—	(732)	(461)	(223)	(687)	(2,103)
Disposals of Non-core Operations	—	(641)	(1,072)	(47)	—	(1,760)
Depreciation of Core Operations (Note 26)	—	(6,749)	(30,273)	(1,817)	—	(38,839)
Depreciation of Non-core Operations (Note 26)	—	(2,794)	(3,858)	(198)	—	(6,850)
Exchange differences	55	6,242	6,049	186	3,956	16,488
Closing net book amount	12,252	197,258	201,253	24,274	86,887	521,924
At December 31, 2006						
Cost	12,252	257,524	419,782	33,249	86,887	809,694
Accumulated depreciation	—	(60,266)	(218,529)	(8,975)	—	(287,770)
Net book amount	12,252	197,258	201,253	24,274	86,887	521,924
Core Operations	12,252	115,508	183,274	23,472	63,827	398,333
Non-core Operations	—	81,750	17,979	802	23,060	123,591
Net book amount	12,252	197,258	201,253	24,274	86,887	521,924
Period ended September 30, 2007						
Opening net book amount	12,252	197,258	201,253	24,274	86,887	521,924
Additions	—	7,463	26,445	2,348	46,867	83,123
Transfer upon completion	—	21,676	10,247	—	(31,923)	—
Disposals of Core Operations	—	—	(4,685)	(482)	—	(5,167)
Disposals of Non-core Operations	—	(8,738)	(55)	(160)	—	(8,953)
Depreciation of Core Operations (Note 26)	—	(9,634)	(22,273)	(2,408)	—	(34,315)
Depreciation of Non-core Operations (Note 26)	—	(2,834)	(3,216)	(242)	—	(6,292)
Exchange differences	(47)	7,708	8,079	269	3,775	19,784
Closing net book amount	12,205	212,899	215,795	23,599	105,606	570,104
At September 30, 2007						
Cost	12,205	282,664	462,535	33,979	105,606	896,989
Accumulated depreciation	—	(69,765)	(246,740)	(10,380)	—	(326,885)
Net book amount	12,205	212,899	215,795	23,599	105,606	570,104
Core Operations	12,205	139,456	195,754	22,796	55,507	425,718
Non-core Operations	—	73,443	20,041	803	50,099	144,386
Net book amount	12,205	212,899	215,795	23,599	105,606	570,104

Notes:

(a) The Group holds freehold land and buildings in Taiwan. The Group's buildings also include buildings in the PRC and Singapore which are erected on leasehold land and land with land use rights (Note 8). The buildings of the Core Operations comprise factories, offices, sales offices and warehouses. The buildings of the Non-core Operations comprise hotels, hospital and offices.

(b) Depreciation expenses charged to income statements of the Group during the Relevant Periods were as follows:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Core Operations					
Cost of sales	27,705	30,522	31,409	24,837	27,387
Selling and distribution expenses	382	316	308	244	245
Administrative expenses	4,249	5,559	7,122	5,524	6,683
	32,336	36,397	38,839	30,605	34,315
Non-core Operations					
Cost of sales	73	621	1,146	862	820
Selling and distribution expenses	64	106	1,869	1,211	2,082
Administrative expenses	842	2,118	3,835	3,506	3,390
	979	2,845	6,850	5,579	6,292
Total	33,315	39,242	45,689	36,184	40,607

(c) The property, plant and equipment of Non-Core Operations as at September 30, 2007 with net book value of US$35 million were pledged as securities for the Group's bank borrowings (Note 23).

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

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Borrowing cost capitalised (Note 29)	—	—	1,369	1,027	1,123
Weighted average capitalised rate	—	—	6.08%	6.08%	6.37%

8 Leasehold land and land use rights

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Opening balances	23,174	30,592	61,136	74,563
Acquisition of subsidiaries (Note 34)	—	22,078	—	—
Additions	7,655	8,774	14,300	6,877
Disposals of Core Operations	(8)	—	(770)	—
Amortisation of Core Operations (Note 26)	(333)	(562)	(886)	(895)
Amortisation of Non-core Operations (Note 26)	(5)	(504)	(836)	(741)
Exchange differences	109	758	1,619	1,900
Closing net book amount	30,592	61,136	74,563	81,704
Cost	32,812	64,474	79,569	88,494
Accumulated amortisation	(2,220)	(3,338)	(5,006)	(6,790)
Net book amount	30,592	61,136	74,563	81,704
Core Operations	21,386	28,207	34,647	41,707
Non-core Operations	9,206	32,929	39,916	39,997
	30,592	61,136	74,563	81,704

Notes:

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

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
In the PRC and Singapore, held on:				
Leases of between 10 and 50 years	30,066	60,607	74,024	81,151
Leases of over 50 years	526	529	539	553
	30,592	61,136	74,563	81,704

(b) The Group's leasehold land and land use rights of the Core Operations comprise land for buildings of factories, offices, sales offices and warehouses. The land of the Non-core Operations is related to buildings of hotels, hospital and offices.

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

(d) There was no pledge of leasehold land and land use rights during the Relevant Periods.

9 Investment properties

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Freehold investment properties				
Core Operations				
Opening balances	2,902	3,059	2,992	2,829
Depreciation (Note 26)	(14)	(15)	(16)	(12)
Exchange differences	171	(52)	(147)	(11)
Closing net book amount	3,059	2,992	2,829	2,806
Cost	3,270	3,213	3,075	3,062
Accumulated depreciation	(211)	(221)	(246)	(256)
Net book amount	3,059	2,992	2,829	2,806
Leasehold investment properties under construction				
Non-core Operations				
Opening balances	10,670	12,159	16,550	23,518
Additions	1,165	4,066	6,252	7,883
Exchange differences	324	325	716	741
Closing net book amount	12,159	16,550	23,518	32,142
Cost	12,159	16,550	23,518	32,142
Total net book amount	15,218	19,542	26,347	34,948

Notes:

(a) Freehold investment properties

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

Lease rental income amounting to approximately US$181,000, US$201,000 and US$156,000 for the years ended December 31, 2004, 2005 and 2006, and approximately US$127,000 and US$385,000 for the nine months ended September 30, 2006 and 2007 (Note 25) were related to the lease of freehold investment properties.

The fair value of the freehold investment properties were US$3,669,000, US$3,833,000, US$4,350,000 and US$4,540,000 as at December 31, 2004, 2005, 2006 and September 30, 2007 respectively. These estimates by the directors were based on market transacted prices for similar properties in the vicinity of the relevant properties. In cases where market transacted prices were not available, fair values were estimated using published price index and guidelines from the relevant government authorities. Considering that the carrying amounts of freehold investment properties are not significant to the Group and the market price of properties in the vicinity remained stable in the past few years in Taiwan where all the freehold properties of the Group are located, the directors of the Company are of the view that the fair value of the freehold investment properties can be estimated with reference to the market value of properties in the vicinity and the therefore valuation by independent property valuers is not considered necessary.

(b) Leasehold investment properties under construction

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

The borrowing cost capitalised into the cost of leasehold investment properties under construction of the Group was US$1,225,000 (Note 29) for the nine months ended September 30, 2007 (year ended December 31, 2004, 2005, 2006 and nine months ended September 30, 2006: Nil).

The leasehold investment property under construction were valued at US$25,514,000, US$32,838,000, US$54,739,000 as at December 31, 2004, 2005 and 2006 respectively based on the valuation by an independent firm of professional valuer, Vigers Appraisal & Consulting Ltd (the office of which is situated at 10/F The Grande Building, 398 Kwun Tong Road, Kowloon, Hong Kong). In respect of September 30, 2007, considering the short time gap since the last independent valuation, the directors of the Company have estimated the fair value of the properties to be US$63,363,000 with reference to the latest independent valuation as at December 31, 2006 and market transacted prices for similar properties in the vicinity of the relevant properties. In cases where market transacted prices were not available, fair values were estimated using published price index and guidelines from the relevant government authorities.

(c) The leasehold investment properties under construction of Non-core Operations as at December 31, 2006 and September 30, 2007 of US$11 million and US$31 million, respectively, were pledged as securities for the Group's bank borrowings (Note 23).

10 Intangible assets

	Goodwill	Trademarks	Total
	US$'000	US$'000	US$'000
At January 1, 2004			
Cost	—	1,635	1,635
Accumulated amortisation	—	(419)	(419)
Net book amount	—	1,216	1,216
Year ended December 31, 2004			
Opening net book amount	—	1,216	1,216
Additions	—	62	62
Amortisation (Note 26)	—	(174)	(174)
Exchange differences	—	34	34
Closing net book amount	—	1,138	1,138
At December 31, 2004			
Cost	—	1,755	1,755
Accumulated amortisation	—	(617)	(617)
Net book amount	—	1,138	1,138
Core Operations	—	1,138	1,138
Year ended December 31, 2005			
Opening net book amount	—	1,138	1,138
Acquisition of subsidiaries (Note 34)	6,432	—	6,432
Additions	404	97	501
Amortisation (Note 26)	—	(246)	(246)
Exchange differences	—	23	23
Closing net book amount	6,836	1,012	7,848
At December 31, 2005			
Cost	6,836	1,869	8,705
Accumulated amortisation	—	(857)	(857)
Net book amount	6,836	1,012	7,848
Core Operations	404	1,012	1,416
None-core Operations	6,432	—	6,432
Net book amount	6,836	1,012	7,848

	Goodwill	Trademarks	Total
	US$'000	US$'000	US$'000
Year ended December 31, 2006			
Opening net book amount	6,836	1,012	7,848
Additions	—	257	257
Amortisation (Note 26)	—	(173)	(173)
Exchange differences	—	15	15
Closing net book amount	6,836	1,111	7,947
At December 31, 2006			
Cost	6,836	2,149	8,985
Accumulated amortisation	—	(1,038)	(1,038)
Net book amount	6,836	1,111	7,947
Core Operations	404	1,111	1,515
None-core Operations	6,432	—	6,432
Net book amount	6,836	1,111	7,947
Nine months ended September 30, 2007			
Opening net book amount	6,836	1,111	7,947
Additions	—	130	130
Amortisation (Note 26)	—	(142)	(142)
Exchange differences	—	8	8
Closing net book amount	6,836	1,107	7,943
At September 30, 2007			
Cost	6,836	2,327	9,163
Accumulated amortisation	—	(1,220)	(1,220)
Net book amount	6,836	1,107	7,943
Core Operations	404	1,107	1,511
None-core Operations	6,432	—	6,432
Net book amount	6,836	1,107	7,943

Goodwill represented goodwill of approximately US$6,432,000 arising from the acquisition of Shanghai Qianhe Hotel Ltd. (changed name to Shanghai Sun-Want Hotel Ltd.) (Note 34). The goodwill is allocated to Shanghai Qianhe Hotel Ltd. as a separate CGU, the recoverable amount of which is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

A budgeted gross margin rate of 15% and pre-tax discount rate of 8% are the key assumptions used for value-in-use calculations and the weighted average growth rate used to extrapolate cash flows beyond the budget periods is nil. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant business. The weighted average growth rate beyond the budget period is estimated based on current capacity of Shanghai Qianhe Hotel Ltd.

Goodwill of US$404,000 was the aggregated result of the acquisitions of minority interests in five companies in 2005, being the excess of the aggregate of the considerations of US$784,000 over the aggregate of the Group's interest in the carrying value of net assets acquired of US$380,000.

11 Associated companies

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Beginning of the year/period	416	519	407	239
Share of results	75	(50)	(159)	(62)
Additions	—	—	—	1,250
Exchange differences	28	(62)	(9)	(2)
	519	407	239	1,425

The particulars of the associated companies of the Group during the Relevant Periods, all of which are unlisted, were set out as follows:

Company name	Country/place and date of incorporation	Paid-up capital	Attributable equity interests to the Group during the Relevant Periods	Principal activities
Jung Times International Ltd.	BVI, November 7, 1997	NTD179,500,000	25%	Trading of watches and spare parts
Top Want Electric Co., Ltd.	Taiwan, December 24, 2001	NTD5,000,000	25%	General trading
Top Want Industrial Co., Ltd.	Taiwan, October 7, 1998	NTD15,000,000	25%	Manufacturing of watches and spare parts
Jiangsu Xing-Want Rice Ltd.	PRC, February 8, 2007	US$5,000,000	25%	Manufacturing and distribution of food and beverages

The aggregated results, assets and liabilities of the Group's associated companies were as follows:

	Total assets	Total liabilities	Revenues	Profit /(loss)	Net assets
Name	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended December 31, 2004	10,359	9,174	14,919	300	1,185
Year ended December 31, 2005	8,544	7,789	23,298	(200)	755
Year ended December 31, 2006	7,578	7,497	8,951	(636)	81
Nine months ended September 30, 2007	13,115	13,287	8,724	(247)	(172)

There were no contingent liabilities relating to the Group's interests in the associated companies, and no contingent liabilities in the associated companies themselves.

12 Available-for-sale financial assets

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Unlisted securities, at fair value:				
Beginning of the year/period	830	830	652	652
Impairment (Note 24)	—	(178)	—	—
End of the year/period	830	652	652	652

13 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts were as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Deferred tax assets				
— to be recovered after more than 12 months	516	582	648	522
Non-core Operations				
Deferred tax liabilities				
— to be settled after more than 12 months	—	(8,175)	(7,696)	(5,559)
	516	(7,593)	(7,048)	(5,037)

The gross movements in deferred taxation accounts were as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Beginning of the year/period	394	516	(7,593)	(7,048)
Recognised in the combined income statements	95	515	546	2,014
Arising from acquisition of subsidiaries	—	(8,614)	—	—
Exchange differences	27	(10)	(1)	(3)
End of the year/period	516	(7,593)	(7,048)	(5,037)

The movements in deferred income tax assets and liabilities during the Relevant Periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

Deferred tax assets

	Impairment provision on assets	Others	Total
	US$'000	US$'000	US$'000
At January 1, 2004	292	102	394
Recognised in the combined income statements (Note 30)	62	33	95
Exchange differences	20	7	27
At December 31, 2004	374	142	516
Recognised in the combined income statements (Note 30)	64	12	76
Exchange differences	(7)	(3)	(10)
At December 31, 2005	431	151	582
Recognised in the combined income statements (Note 30)	48	19	67
Exchange differences	(1)	—	(1)
At December 31, 2006	478	170	648
Recognised in the combined income statements (Note 30)	29	(152)	(123)
Exchange differences	(3)	—	(3)
At September 30, 2007	504	18	522

Deferred tax liabilities

	Revaluation of a hotel building
	US$'000
At December 31, 2004	—
Arising from acquisition of subsidiaries	8,614
Recognised in the combined income statements (Note 30)	(439)
At December 31, 2005	8,175
Recognised in the combined income statements (Note 30)	(479)
At December 31, 2006	7,696
Recognised in the combined income statements (Note 30)	(272)
Recognised in the combined income statements resulted from the change of income tax rate (Note 30)	(1,865)
At September 30, 2007	5,559

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately US$ 3.1 million, US$ 4.2 million, US$ 8.8 million and US$ 9.7 million in respect of tax losses amounting approximately to US$ 9.6 million, US$ 17.1 million, US$ 40.0 million and US$ 51.4 million as at December 31, 2004, 2005 and 2006 and September 30, 2007 that can be carried forward against future taxable income, respectively. Losses amounting to approximately US$ 2.6 million and US$ 3.1 million expired in the years ended December 31, 2006 and the period ended September 30, 2007, respectively. The tax losses as at September 2007 amounting to US$ 8.1 million, US$ 3.1 million US$ 5.9 million, US$ 20.2 million and US$ 14.1 million will expire in year 2008, year 2009, year 2010, year 2011 and year 2012, respectively.

The Group determined that there were no deferred income tax liabilities to be recognised as at December 31, 2004, 2005 and 2006 and September 30, 2007 for the withholding tax and other taxes that would be payable upon remittance of earnings of subsidiaries incorporated in Taiwan. Unremitted earnings of the Taiwan subsidiaries totalled US$29,529,000, US$32,603,000, US$32,580,000 and US$35,433,000 as at December 31, 2004, 2005 and 2006 and September 30, 2007, respectively. The Group has no plan to distribute the respective retained earnings as at September 30, 2007.

14 Inventories

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Raw materials and packaging materials	70,367	95,741	106,916	98,019
Working in progress	6,548	10,222	12,859	14,339
Finished goods	17,032	22,728	35,857	35,490
Goods in transit	8,828	13,937	14,316	14,790
	102,775	142,628	169,948	162,638
Non-core Operations				
Finished goods	251	856	956	1,758
Total	103,026	143,484	170,904	164,396

For each of the years ended December 31, 2004, 2005 and 2006, and the nine months ended September 30, 2006 and 2007, the cost of inventories recognised as expenses and included in cost of sales amounted to approximately US$230 million, US$315 million, US$411 million, US$287 million and US$362 million respectively.

The Group recognised losses of approximately US$5,812,000, US$5,367,000, US$7,210,000, US$4,910,000 and US$6,018,000 in respect of the loss on obsolete inventories and write-down of inventories to their net realisable value for each of the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2006 and 2007, respectively. These amounts have been included in administrative expenses and cost of sales in the combined income statements.

15 Properties under development for sale

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Leasehold land, at cost	6,466	30,923	54,994	62,176
Development cost incurred	304	21,356	30,588	72,854
Transfer from property, plant and equipment (Note 7)	—	—	22,751	—
Exchange differences	331	1,118	1,920	6,221
	7,101	53,397	110,253	141,251
Core Operations	—	—	22,751	23,230
Non-core Operations	7,101	53,397	87,502	118,021
	7,101	53,397	110,253	141,251

The borrowing cost capitalised into the cost of properties under development for sale of the Group was US$3,368,000 (Note 29) for the nine months ended September 30, 2007 (2004, 2005, 2006 and nine months ended September 30, 2006: Nil).

Properties under development for sale represented development of residential real estate projects in PRC and Taiwan.

The properties under development for sale as at September 30, 2007, with carrying value of US$16 million and US$21 million, were pledged as security for the Group's bank borrowings for Core Operations and Non-core Operations respectively (Note 23).

16 Trade receivables

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Trade receivables				
— from third parties	43,014	48,085	54,483	54,148
— from related parties (Note 37(b))	1,102	843	1,001	1,001
	44,116	48,928	55,484	55,149
Less: provision for impairment	(782)	(723)	(1,039)	(2,431)
Trade receivables, net	43,334	48,205	54,445	52,718
Non-core Operations				
Trade receivables from third parties	418	1,302	737	712
Less: provision for impairment	(8)	(115)	(208)	(215)
Trade receivables, net	410	1,187	529	497
	43,744	49,392	54,974	53,215

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

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

The ageing analysis of trade receivables, before provision for impairment, as at December 31, 2004, 2005 and 2006 and September 30, 2007 was as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Trade receivables, gross				
— Within 60 days	40,558	45,248	50,286	49,803
— 61–180 days	3,087	2,881	4,584	4,922
— 181–365 days	220	417	196	182
— Over 365 days	251	382	418	242
	44,116	48,928	55,484	55,149
Non-core Operations				
Trade receivables, gross				
— Within 60 days	400	1,187	529	497
— 61–180 days	18	115	208	215
	418	1,302	737	712

The carrying amounts of trade receivables approximated their fair values as at the respective balance sheet dates during the Relevant Periods.

As at December 31, 2004, 2005 and 2006 and September 30, 2007, trade receivables were denominated in the following currencies:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
RMB	32,052	35,365	41,968	35,918
US$	2,942	4,063	4,409	3,711
Other currencies	9,540	10,802	9,844	16,232
	44,534	50,230	56,221	55,861

As at December 31, 2004, 2005 and 2006 and September 30, 2007, trade receivables of approximately US$ 3,566,000, US$ 3,795,000, US$ 5,406,000 and US$ 5,561,000 were impaired and the amounts of provision for impairment on such receivables were approximately US$ 790,000, US$ 838,000, US$ 1,247,000 and US$ 2,646,000 respectively. Provisions for impairment are made to the extent of the difference between the gross amounts of receivables and the amounts received or expected to be receivable. The individually impaired receivables mainly relate to customers with different credit ratings. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables was as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Trade receivables, gross				
— 61–180 days	3,095	2,996	4,792	5,137
— 181–365 days	220	417	196	182
— Over 365 days	251	382	418	242
	3,566	3,795	5,406	5,561

As at December 31, 2004, 2005 and 2006 and September 30, 2007, all trade receivables past due were impaired as set out above.

Most of the Group's sales through wholesale channels are on cash on delivery basis whereas those made through direct channels are on credit terms of normally 60 days. Accordingly, provisions for impairment of trade receivables were made for direct channel customers only.

The Group recognised provision for impairment of trade receivables in the administrative expenses in the combined income statements. The movements in provision for impairment were as follows:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
At beginning of the year/period	732	790	838	838	1,247
Provision/(reversal) for impairment of receivables for Core Operations (Note 26)	50	(106)	336	—	1,369
Provision for impairment of receivables for Non-core Operations (Note 26)	8	154	73	—	30
At end of the year/period	790	838	1,247	838	2,646

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

17 Prepayments, deposits and other receivables

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Prepayments — advance payments to suppliers	16,309	9,169	14,539	19,541
Prepaid and deductible value added tax	9,673	13,060	17,818	15,087
Deposits	2,021	2,341	918	1,261
Prepayments for property, plant and equipment	2,818	6,587	11,884	9,193
Amounts due from related parties (Note 37(b))	978	898	1,114	1,175
Prepayment for acquisition of subsidiaries (Note 34)	20,938	—	—	—
Prepayment for income tax	823	1,406	3,493	3,903
Others	6,043	6,122	5,868	17,676
	59,603	39,583	55,634	67,836
Core Operations	65,283	69,819	146,448	65,265
Non-core Operations	28,519	12,319	22,701	31,191
Elimination (Note 22)	(34,199)	(42,555)	(113,515)	(28,620)
	59,603	39,583	55,634	67,836

The elimination represented the amounts of receivables of Core Operations from Non-core Operations that were eliminated against the corresponding amounts of payables (Note 22) upon consolidation.

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

18 Financial assets at fair value through profit or loss

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Listed securities:				
— Unit trusts at fair value	3,959	914	1,052	1,092
Non-core Operations				
Listed securities:				
— Unit trusts at fair value	—	365	35	37
Total	3,959	1,279	1,087	1,129

Changes in fair values of financial assets at fair value through profit or loss are recorded in other (losses)/gains, net in the combined income statements.

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

19 Cash and cash equivalents

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Cash at bank and in hand	113,408	137,036	166,121	263,595
Short-term bank deposits	3,690	3,232	1,298	13,212
	117,098	140,268	167,419	276,807
Non-core Operations				
Cash at bank and in hand	27,187	23,166	17,695	27,621
Total	144,285	163,434	185,114	304,428

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

	As at December 31,			As at September 30,
	2004	2005	2006	2007
Effective interest rate (% per annum)	1.33%	1.40%	1.77%	1.41%
Average maturity (days)	83	91	87	86

The short-term bank deposits as at September 30, 2007 of US$10 million were pledged as securities for the Group's bank borrowings (Note 23).

As at December 31, 2004, 2005 and 2006 and September 30, 2007, cash and cash equivalents were denominated in the following currencies:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
RMB	133,393	141,487	168,398	274,637
US$	8,620	19,129	14,430	25,771
Others	2,272	2,818	2,286	4,020
	144,285	163,434	185,114	304,428

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

20 Owners' equity

As mentioned in Note 2 above, the Financial Information has been prepared as if the current group structure had been in existence throughout the Relevant Periods or since their respective dates of incorporation/establishment or acquisition, whichever is a shorter period, or up to the respective dates of winding up/liquidation or disposal by way of sales or distribution of dividends in specie. The owners' equity during the Relevant Periods represented the capital of

WWHL comprising the combined deficits/equities of the companies comprising the Group after elimination of inter-company transactions and balances. Apart from profit for the year and fair value reserves arising from available-for-sales financial assets, if any, movements in owners' equity during the Relevant Periods mainly comprised:

(a) In October 1999, WWHL, the subsidiary of the Company previously listed on SGX-ST, obtained an unsecured transferable loan facility of US$30 million from a bank. In conjunction with the loan facility, WWHL issued 58,867,405 detachable warrants, each of the warrants entitled the holder to subscribe for one new ordinary share of US$0.20 each in WWHL at an exercise price of US$1.25 per share. 49,674,744 warrants were exercised during the period from October 1999 to May 2002. As a result of a share split on May 20, 2002, the exercise price of each warrant was adjusted from US$1.25 to US$0.63 and the number of warrants outstanding held by holders of warrants was increased from 9,192,661 to 18,385,322. 26,296 warrants were subsequently exercised prior to December 31, 2003, and in 2004, WWHL issued 18,123,551 ordinary shares of US$0.10 each at a premium of US$0.53 per share, credited as fully paid, upon the exercise of warrants for cash. The remaining 235,475 warrants not exercised upon expiry at October 22, 2004 were cancelled and the warrant reserve was transferred to accumulated profits upon expiry of the warrants.

(b) In 2004, WWHL acquired 2,921,000 of its own shares through purchases on SGX-ST during the year for cash of US$3,148,000. The bought back shares were cancelled and the amount of purchase of these shares was debited to the capital reserve of WWHL.

(c) In 2006 and 2007, WWHL acquired 80,000 and 1,572,000 of its own shares through purchases on SGX-ST for cash of US$127,000 and US$2,426,000, which had been deducted from shareholders' equity, respectively. All these shares repurchased are held as 'treasury shares'.

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

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

The appropriations to statutory reserves during the Relevant Periods are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Statutory surplus reserve (1)	2,927	4,330	7,433	5,165	13,043
Legal reserve (2)	324	304	74	151	—
	3,251	4,634	7,507	5,316	13,043

(1) Being 10% of net profit of the companies in the PRC for the year/period. There was no discretionary surplus reserve appropriated during the Relevant Periods.

(2) Being 10% of net profit of the companies in Taiwan for the year/period.

(e) The changes in shareholding in minority interests of subsidiaries during the Relevant Periods were due to the set up of new subsidiaries, the acquisition of minority interests of subsidiaries and the liquidation of subsidiaries with minority shareholders.

(f) The reversal of dividends during the Relevant Periods represented the adjustment made by Nanjing Jet-Want Packaging Ltd., one of the Company's subsidiaries, for the difference between the actual amount of dividend paid out and the initial proposed amount.

(g) The breakdown of capital reserve is as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Owners' equity attributable to equity holders of the Company				
—Paid-in capital	128,884	128,884	128,757	126,331
—Share premium	80,300	80,300	80,300	80,300
	209,184	209,184	209,057	206,631

21 Trade payables

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Trade payables				
— to third parties	34,789	70,464	92,136	66,355
Non-core Operations				
Trade payables				
— to third parties	646	1,139	1,908	3,496
Total	35,435	71,603	94,044	69,851

The credit terms granted by the domestic suppliers and overseas suppliers to the Group were usually 15 to 45 days and 60 days, respectively.

The ageing analysis of trade payables as at December 31, 2004, 2005 and 2006 and September 30, 2007 was as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Trade payables				
— Within 60 days	32,187	65,499	85,631	60,127
— 61 to 180 days	2,095	4,254	5,587	4,146
— 181 to 365 days	185	166	281	1,319
— Over 1 year	322	545	637	763
	34,789	70,464	92,136	66,355
Non-core Operations				
Trade payables				
Within 180 days	646	1,139	1,908	3,496

The carrying amounts of trade payables approximated their fair values as at the respective balance sheet dates during the Relevant Periods.

As at December 31, 2004, 2005 and 2006 and September 30, 2007, trade payables were denominated in the following currencies:

	As at December 31,			As at September 30,
	2004	**2005**	**2006**	**2007**
	US$'000	**US$'000**	**US$'000**	**US$'000**
RMB	24,841	53,120	78,907	65,462
US$	7,985	16,006	10,983	2,486
Others	2,609	2,477	4,154	1,903
	35,435	71,603	94,044	69,851

22 Accruals and other payables

	As at December 31,			As at September 30,
	2004	**2005**	**2006**	**2007**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Advance receipts from customers	22,031	27,192	28,822	19,383
Accruals	12,932	17,315	27,355	24,960
Salary and welfare payables	3,664	4,926	8,775	11,318
Other taxes and levies payable	7,700	7,337	3,352	3,270
Deposits	8	—	5,476	8,794
Payables for purchase of equipment	—	5,799	1,322	4,272
Others	12,308	33,346	26,424	25,758
	58,643	95,915	101,526	97,755
Core Operations	62,536	73,384	109,107	109,625
Non-core Operations	30,306	65,086	105,934	16,750
Elimination (Note 17)	(34,199)	(42,555)	(113,515)	(28,620)
	58,643	95,915	101,526	97,755

The carrying amounts of accruals and other payables approximated their fair values as at the respective balance sheet dates during the Relevant Periods.

23 Borrowings

	As at December 31, 2004	As at December 31, 2005	As at December 31, 2006	As at September 30, 2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Current:				
Short term bank borrowings				
— secured	—	—	—	4,569
— unsecured	19,864	27,565	189,385	38,760
Non-current:				
Long term bank borrowings				
— unsecured	55,000	105,000	9,173	209,139
	74,864	132,565	198,558	252,468
Non-core Operations				
Current:				
Short term bank borrowings				
— secured	—	—	—	19,699
— unsecured	—	—	—	2,662
Non-current:				
Long term bank borrowings				
— secured	—	—	4,962	28,895
— unsecured	—	40,829	42,298	67,883
	—	40,829	47,260	119,139
Total	74,864	173,394	245,818	371,607

Notes:

(a) Core Operations

The current secured bank borrowings of approximately US$4,569,000 as at September 30, 2007 were secured by legal mortgage over the Group's properties under development for sale (Note 15). The property under development for sale has been disposed to Mr. Tsai's companies and such security has been released prior to listing.

The unsecured bank borrowings amounting to approximately US$73 million, US$131 million, US$196 million and US$235 million as at December 31, 2004, 2005 and 2006 and September 30, 2007 were guaranteed by WWHL, respectively.

(b) Non-core Operations

The current secured bank borrowings of approximately US$19,699,000 as at September 30, 2007 were secured by legal mortgage over the Group's property, plant and equipment with a net book amount of US$25 million (Note 7), properties under development for sale of US$21 million (Note 15) and short-term bank deposits of US$10 million (Note 19).

The non-current bank borrowings amounting to approximately US$4,962,000 as at December 31, 2006 were secured by legal mortgage over the Group's leasehold investment properties under construction with a net book amount of US$11 million (Note 9), and US$28,895,000 as at September 30, 2007 were secured by legal mortgage over the Group's property, plant and equipment with a net book amount of US$10 million (Note 7) and leasehold investment properties under construction with a net book amount of US$31 million (Note 9).

The unsecured bank borrowings amounting to approximately US$nil, US$41 million, US$42 million and US$41 million as at December 31, 2004, 2005 and 2006 and September 30, 2007 were guaranteed by WWHL, respectively. The guarantees provided by WWHL to Non-core Operation companies have been released subsequent to September 30, 2007.

The borrowings of Non-core Operations including the mortgaged property, plant and equipment and properties have all been transferred out of the Group before listing.

(c) At each balance sheet dates during the Relevant Periods, the Group's borrowings were repayable as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
On demand or within 1 year	19,864	27,565	189,385	65,690
Between 1 and 2 years	—	105,000	11,737	11,071
Between 2 and 5 years	55,000	2,475	3,781	251,713
Over 5 years	—	38,354	40,915	43,133
	74,864	173,394	245,818	371,607

(d) The borrowings were denominated in the following currencies:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Bank borrowings				
— RMB	10,893	40,828	47,259	126,459
— US$	63,200	131,632	186,456	225,967
— Others	771	934	12,103	19,181
Total borrowings	74,864	173,394	245,818	371,607

(e) The effective weighted average interest rates at each balance sheet date were as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Bank borrowing, secured				
— RMB	—	—	5.75%	4.88%
Bank borrowing, unsecured				
— RMB	5.10%	6.12%	6.12%	6.94%
— US$	2.34%	3.89%	5.87%	5.70%
— Others	0.60%	0.60%	2.29%	2.62%

(f) The bank borrowings were at floating interest rates. The carrying amounts of the borrowings approximated their fair values as at the respective balance sheet dates during the Relevant Periods.

(g) The Group had the following undrawn bank borrowing facilities:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
RMB facilities	20,575	75,472	36,052	47,185
US$ facilities	129,300	74,398	74,544	90,034
Other facilities	10,694	10,447	5,672	12,053
	160,569	160,317	116,268	149,272

24 Other gains/(losses), net

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Core Operations					
Net foreign exchange gains	313	2,583	3,256	2,297	6,107
Gain on disposal of financial assets at fair value through profit or loss	9	86	127	—	—
Gain/(loss) on disposal of leasehold land and land use rights and property, plant and equipment, net	(531)	(868)	(1,076)	(938)	1,215
Impairments on the available-for-sale financial assets (Note 12)	—	(178)	—	—	—
Donation expenses	(2,013)	(736)	(756)	(263)	(891)
Others	64	(1,172)	(545)	39	(69)
	(2,158)	(285)	1,006	1,135	6,362
Non-core Operations					
Net foreign exchange loss	—	(20)	(92)	(10)	(89)
Gains/(losses) on disposal of property, plant and equipment, net	—	6	(161)	(102)	(71)
Donation expenses	(9)	(22)	(22)	(21)	(3)
Others	(54)	(209)	168	53	(336)
	(63)	(245)	(107)	(80)	(499)
Total	(2,221)	(530)	899	1,055	5,863

25 Other income

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Core Operations					
Government grants (Note (a))	8,688	11,423	23,234	16,471	10,308
Sale of scraps	2,059	2,782	3,525	2,121	3,628
Negative goodwill (Note 34)	—	475	—	—	—
Rental income (Note 9)	181	201	156	127	385
Interest income from Non-core Operations (Note 29)	—	264	1,423	894	1,400
Others	125	551	1,468	1,083	2,352
	11,053	15,696	29,806	20,696	18,073
Non-core Operations	1	—	44	3	—
Elimination of interest income from Non-core Operations (Notes (b))	—	(264)	(1,423)	(894)	(1,400)
Total	11,054	15,432	28,427	19,805	16,673

Notes:

(a) The government grants represented subsidy income received from various government organisations as rewards to certain subsidiaries of the Group in the PRC.

(b) The elimination represented the interest income received by Core Operations from Non-core Operations which was eliminated against the corresponding interest expenses (Notes 29) upon consolidation. The interest income arose from the provision of entrusted loans from Core Operations companies to Non-core Operations companies.

(c) Others represented mainly marketing research consulting service income from third parties.

26 Expenses by nature

Expenses included in cost of sales, selling and distribution expenses and administrative expenses and were analysed as follows:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Core Operations					
Raw materials, packaging and consumables used	217,361	319,529	420,715	293,249	359,060
Changes in inventories of finished goods and work in progress	9,946	(9,975)	(15,866)	(10,180)	(1,113)
Promotion and advertising expenses	19,833	21,626	27,721	21,278	22,005
Employee benefit expenses including directors' emoluments (Note 27)	59,206	70,441	99,055	69,122	78,727
Transportation expense	30,793	37,034	45,270	30,605	39,951
Depreciation of property, plant and equipment (Note 7)	32,336	36,397	38,839	30,605	34,315
Amortisation of leasehold land and land use rights (Note 8)	333	562	886	707	895
Depreciation of investment properties (Note 9)	14	15	16	12	12
Amortisation of intangible assets (Note 10)	174	246	173	147	142
Operating lease in respect of lease hold land and buildings	4,112	4,221	5,124	3,704	5,180
Property tax and other taxes	1,311	1,870	2,083	1,271	1,499
Losses on obsolete inventories (Note 14)	4,996	5,009	5,944	4,209	5,058
Losses on write-down of inventories (Note 14)	804	300	1,264	—	960
Provision/(reversal) for impairment of trade receivables (Note 16)	50	(106)	336	—	1,369
Auditors' remuneration	473	626	304	228	228
Machinery parts and maintenance expenses	6,485	6,736	8,932	5,929	6,589
Water and electricity expenses	30,107	39,216	48,406	33,709	36,872
Others, including mainly traveling and office expenses and technical know-how fees	20,336	23,743	31,316	22,480	30,307
	438,670	557,490	720,518	507,075	622,056

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
(continued)					
Non-core Operations					
Raw materials, packaging and consumables used	2,468	6,467	5,953	4,699	4,838
Changes in inventories of finished goods and work in progress	99	(605)	(100)	(486)	(802)
Promotion and advertising expenses	257	300	329	171	—
Employee benefit expenses including directors' emoluments (Note 27)	1,517	2,269	3,872	2,876	4,405
Transportation expense	137	174	216	264	111
Depreciation of property, plant and equipment (Note 7)	979	2,845	6,850	5,579	6,292
Amortisation of leasehold land and land use rights (Note 8)	5	504	836	619	741
Operating lease in respect of lease hold land and buildings	830	762	783	580	492
Property tax and other taxes	20	372	209	164	—
Losses on obsolete inventories	12	58	2	(18)	—
Provision for impairment of trade receivables (Note 16)	8	154	73	—	30
Machinery parts and maintenance expenses	53	283	298	34	614
Water and electricity expenses	488	1,300	2,371	1,213	1,293
Others, including mainly office expenses and traveling expenses	924	2,071	1,798	2,445	2,490
	7,797	16,954	23,490	18,140	20,504
Elimination of cost of goods sold between Core and Non-core Operations (Note 6(a))	(14)	(2,293)	(1,947)	(1,904)	(56)
Total cost of sales, selling and distribution expenses and administrative expenses	446,453	572,151	742,061	523,311	642,504

27 Employee benefit expenses

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Core Operations					
Wages and salaries	46,977	55,825	78,910	55,799	61,991
Pension and other social welfare	5,097	6,089	8,591	6,347	7,989
Other benefits	7,132	8,527	11,554	6,976	8,747
	59,206	70,441	99,055	69,122	78,727
Non-core Operations					
Wages and salaries	938	1,367	2,215	1,848	3,121
Pension and other social welfare	243	253	611	426	631
Other benefits	336	649	1,046	602	653
	1,517	2,269	3,872	2,876	4,405
Total	60,723	72,710	102,927	71,998	83,132

28 Directors' and senior management's emoluments

(a) Directors' emoluments

The emoluments paid to the directors of the Company during the Relevant Periods and included in employee benefit expenses were as follows:

Name of Director	Salary US$'000	Discretionary bonuses US$'000	Other benefits* US$'000	Employer's contribution to pension schemes US$'000	Total US$'000
Year ended December 31, 2004					
Executive directors					
TSAI Eng-Meng	92	1,141	70	3	1,306
LIAO Ching-Tsun	70	61	15	1	147
CHU Chi-Wen	47	25	—	1	73
TSAI Shao-Chung	67	22	—	1	90
Non-executive directors					
LIN Feng-I	72	49	14	1	136
CHENG Wen-Hsien	16	5	1	1	23
	364	1,303	100	8	1,775
Year ended December 31, 2005					
Executive directors					
TSAI Eng-Meng	99	1,795	82	3	1,979
LIAO Ching-Tsun	74	80	13	1	168
CHU Chi-Wen	49	27	4	1	81
TSAI Shao-Chung	70	19	1	1	91
Non-executive directors					
LIN Feng-I	74	57	14	1	146
CHENG Wen-Hsien	75	16	13	1	105
	441	1,994	127	8	2,570
Year ended December 31, 2006					
Executive directors					
TSAI Eng-Meng	111	2,037	70	3	2,221
LIAO Ching-Tsun	69	80	7	1	157
CHU Chi-Wen	48	26	—	1	75
TSAI Shao-Chung	72	21	1	1	95
Non-executive directors					
LIN Feng-I	91	53	7	1	152
CHENG Wen-Hsien	77	18	7	1	103
	468	2,235	92	8	2,803
Nine months ended September 30, 2006 (unaudited)					
Executive directors					
TSAI Eng-Meng	83	1,528	53	2	1,666
LIAO Ching-Tsun	52	60	4	1	117
CHU Chi-Wen	36	19	—	1	56
TSAI Shao-Chung	55	15	—	1	71
Non-executive directors					
LIN Feng-I	68	40	5	1	114
CHENG Wen-Hsien	57	14	5	1	77
	351	1,676	67	7	2,101
Nine months ended September 30, 2007					
Executive directors					
TSAI Eng-Meng	86	—	—	2	88
LIAO Ching-Tsun	66	—	—	1	67
CHU Chi-Wen	42	—	—	1	43
TSAI Shao-Chung	42	—	—	1	43
Non-executive directors					
LIN Feng-I	66	—	—	1	67
CHENG Wen-Hsien	55	—	—	1	56
	357	—	—	7	364

Mr TOMITA Mamoru and Mr MAKI Haruo, the non-executive directors of the Company, and Mr TOH David Ka Hock, Mr PEI Kerwei, Mr Chien Wen-Guey and Mr Lee Kwang-Chou the independent non-executive directors of the Company did not have emoluments during the Relevant Periods.

(b) Five highest paid individuals

During the Relevant Periods, the five individuals whose emoluments were the highest in the Group included three directors whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining two highest paid individuals during the Relevant Periods were as follows:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Salaries	125	149	212	159	131
Discretionary bonuses	54	70	114	86	—
Other benefits*	15	16	8	6	—
	194	235	334	251	131
In the band of:					
Nil to US$129,000 (HK$1,000,000)	2	2	—	1	2
US $129,001 (HK$1,000,001) to US$193,000 (HK$1,500,000)	—	—	2	1	—
	2	2	2	2	2

* Other benefits include housing and car allowances.

During the Relevant Periods, no payments had been made by the Group to directors or the highest paid individuals in respect of inducement to join or compensation for loss of office, and no directors or the highest paid individual waived any of the emoluments.

29 Finance income/(costs), net

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Finance income					
Core Operations					
interest income on cash and cash equivalents	1,680	1,607	1,701	1,127	823
Non-core Operations					
interest income on cash and cash equivalents	281	262	165	120	176
	1,961	1,869	1,866	1,247	999
Finance costs					
Core Operations					
interest expenses on bank borrowings	(543)	(2,285)	(4,965)	(3,589)	(3,270)
Non-core Operations					
interest expenses on bank borrowings	(916)	(1,875)	(7,500)	(5,012)	(13,378)
interest expenses paid to Core Operations (Note 25)	—	(264)	(1,423)	(894)	(1,400)
Less: amount capitalised in					
— property, plant and equipment (Note 7)	—	—	1,369	1,027	1,123
— investment properties (Note 9)	—	—	—	—	1,225
— properties under development for sale (Note 15)	—	—	—	—	3,368
	(916)	(2,139)	(7,554)	(4,879)	(9,062)
Elimination of interest expenses paid to Core Operations (Note 25)	—	264	1,423	894	1,400
	(1,459)	(4,160)	(11,096)	(7,574)	(10,932)

30 Income tax expense

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Core Operations					
Current income tax					
—Mainland China	7,960	11,491	15,929	9,717	14,522
—Taiwan	1,431	1,477	428	686	837
—Hong Kong and overseas	237	5	3	—	1
	9,628	12,973	16,360	10,403	15,360
Deferred income tax (Note 13)	(95)	(76)	(67)	86	123
	9,533	12,897	16,293	10,489	15,483
Non-core Operations					
Current income tax					
—Mainland China	—	—	12	12	7
—Hong Kong and overseas	102	58	58	—	—
	102	58	70	12	7
Deferred income tax (Note 13)	—	(439)	(479)	(359)	(2,137)
	102	(381)	(409)	(347)	(2,130)
	9,635	12,516	15,884	10,142	13,353

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate in the PRC of 33% as follows:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Profit before income tax	81,486	122,266	139,532	94,042	135,514
Tax calculated at the statutory tax rate in the PRC	26,890	40,348	46,046	31,034	44,720
Effect of different tax rates, tax holiday and preferential tax rates of subsidiaries	(20,320)	(28,639)	(32,791)	(23,266)	(30,249)
Change of tax rate	—	—	—	—	(1,865)
Expenses not deductible for tax purpose	1,286	494	973	718	682
Underprovision of prior year taxation	1,779	313	1,656	1,656	65
Income tax expense	9,635	12,516	15,884	10,142	13,353

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Enterprises incorporated in the PRC are normally subject to enterprise income tax ("EIT") at rate of 33%, which comprises 30% attributable to national enterprise income tax and 3% attributable to local municipal income tax. Certain subsidiaries of the Group enjoyed preferential EIT at rates lower than 33% during the Relevant Periods as approved by the relevant tax authorities or operated in designated areas with preferential EIT policies in the PRC. Besides, certain subsidiaries, being incorporated as foreign investment enterprises in the PRC, have obtained approvals from the relevant tax authorities in the PRC for their entitlement to exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in the PRC.

The National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the new "CIT Law") on 16 March 2007 and the State Council has announced the Detail Implementation Regulations ("DIR") on 6 December 2007, which will be effective from 1 January 2008. According to the new CIT Law, the income tax rates for both domestic and foreign investment enterprises will be unified at 25% effective from 1 January 2008. However, for enterprises which were established before the publication of the new CIT Law and were entitled to preferential treatments of reduced CIT tax rate granted by relevant tax authorities, the new CIT rate may be gradually increased to 25% within 5 years after the effective date of the new CIT Law. For the region that enjoys a reduced CIT rate at 15%, will gradually increase to 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 according to grandfathering rules stipulated in the DIR and related circular. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Enterprises incorporated in Taiwan, Hong Kong and other places are subject to income tax rates of 25%, 16.5% and 0% to 30% prevailing in the places in which the group operated during the Relevant Periods, respectively.

31 Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares of WWHL in issue during the Relevant Periods, excluding ordinary shares purchased by WWHL and held as treasury shares (Note 20).

	Year ended December 31,			Nine months ended September 30,	
	2004	**2005**	**2006**	**2006**	**2007**
				(unaudited)	
Profit attributable to equity holders of the Company (US$'000)	72,625	110,774	126,826	85,791	124,205
Weighted average number of ordinary shares of WWHL in issue (thousands)	1,282,689	1,288,841	1,288,838	1,288,841	1,287,398
Basic earnings per share (US$ per share)	0.057	0.086	0.098	0.067	0.096

No diluted earnings per share have been presented as WWHL does not have any dilutive potential ordinary shares during the Relevant Periods.

32 Dividends

	Year ended December 31,			Nine months ended September 30,	
	2004	**2005**	**2006**	**2006**	**2007**
	US$'000	**US$'000**	**US$'000**	**US$'000 (unaudited)**	**US$'000**
Final dividend	38,665	25,777	25,775	—	—

No dividend has been paid or declared by the Company since its incorporation, except for the distribution of dividend in specie in respect of the shares in San Want Holdings Limited to the then shareholders of the Company on December 31, 2007, details of which are set out in note 38(b) of section II below. Dividends during the Relevant Periods represented dividends declared and paid by WWHL to its then shareholders.

In February 2005, February 2006 and February 2007, WWHL declared final dividends of US$ 38,665,000, US$ 25,777,000 and US$ 25,775,000 for the years ended December 31, 2004, 2005, and 2006, respectively. The dividends had all been settled.

33 Notes to combined cash flow statements

(a) Reconciliation of profit for the year/period to net cash generated from operations:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Profit before income tax	81,486	122,266	139,532	94,042	135,514
Adjustments for:					
— share of results of associated companies	(75)	50	159	44	62
— Interest income	(1,961)	(1,869)	(1,866)	(1,247)	(999)
— Interest expense	1,459	4,160	11,096	7,574	10,932
— Depreciation of property, plant and equipment (Note 7)	33,315	39,242	45,689	36,184	40,607
— Amortisation of leasehold land and land use rights (Note 8)	338	1,066	1,722	1,326	1,636
— Depreciation of investment properties (Note 9)	14	15	16	12	12
— Amortisation of intangible assets (Note 10)	174	246	173	147	142
— Loss/(gain) on disposal of leasehold land and land use rights and property, plant and equipment (Note 24)	531	862	1,237	1,040	(1,144)
— Gain on disposal of financial assets at fair value through profit or loss (Note 24)	(9)	(86)	(127)	—	—
— Impairment on available-for-sale financial assets	—	178	—	—	—
— Negative goodwill	—	(475)	—	—	—
	115,272	165,655	197,631	139,122	186,762
Changes in working capital:					
— (Increase)/decrease in trade receivables	(2,914)	(5,480)	(5,582)	4,427	1,759
— Increase in prepayments, deposits and other receivables	(11,585)	(546)	(16,051)	(14,712)	(12,202)
— (Increase)/decrease in inventories	1,526	(40,376)	(27,420)	(8,321)	6,508
— Increase/(decrease) in trade payables	3,152	36,168	22,441	(8,371)	(24,193)
— (Decrease)/increase in accruals and other payables	(6,579)	25,750	5,611	5,399	(3,771)
Cash generated from operations	98,872	181,171	176,630	117,544	154,863

(b) Proceeds from disposal of leasehold land and land use rights and property, plant and equipment comprised:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Net book amount of property, plant and equipment (Note 7)	3,033	3,211	3,863	1,880	14,120
Net book amount of leasehold land and land use rights (Note 8)	8	—	770	—	—
(Loss)/gain on disposal of property, plant and equipment (Note 24)	(531)	(862)	(1,237)	(1,040)	1,144
Proceeds from disposal of leasehold land and land use rights and property, plant and equipment	2,510	2,349	3,396	840	15,264

34 Business combinations

On February 1, 2005 and July 1, 2005, the Group acquired 100% equity interests in Shanghai Qianhe Hotel Ltd. and Beijing Shang-Want Foods Ltd. for cash considerations of US$26,654,000 and US$1,946,000, respectively, totalling US$28,600,000.

Shanghai Qianhe Hotel Ltd. and Beijing Shang-Want Foods Ltd. contributed revenue of approximately US$3,627,000 and US$11,000 and losses before tax of approximately US$1,071,000 and US$80,000 to the Group for the period from the acquisition dates to December 31, 2005, respectively. Had the acquisition occurred on January 1, 2005, the Group's revenue would have been approximately US$688,513,000 and net profit for the year 2005 would have been approximately US$113,600,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquired companies to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from January 1, 2005, together with the consequential tax effects.

Details of the net assets acquired and the resultant goodwill were as follows:

	US$'000
Purchase consideration	28,600
Fair value of net assets assumed	(22,643)
	5,957
Comprised:	
Negative goodwill — Beijing Shang-Want Foods Ltd. (Note 25)	(475)
Goodwill — Shanghai Qianhe Hotel Ltd. (Note 10)	6,432
	5,957

The assets and liabilities on acquisition dates of Shanghai Qianhe Hotel Ltd. and Beijing Shang-Want Foods Ltd. were as follows:

	Core Operations Beijing Shang-Want Foods Ltd.		**Non-core Operations Shanghai Qianhe Hotel Ltd.**		**Total**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Property, plant and equipment	1,774	3,019	17,680	7,187	19,454	10,206
Leasehold land and land use rights	663	663	21,415	7,719	22,078	8,382
Inventories	—	—	82	516	82	516
Trade receivables	—	—	168	168	168	168
Prepayments, deposits and other receivables	18	18	354	354	372	372
Financial assets at fair value through profit or loss	—	—	365	365	365	365
Cash and cash equivalents	2	2	258	258	260	260
Accruals and other payables	(36)	(36)	(11,486)	(13,836)	(11,522)	(13,872)
Deferred tax liabilities	—	—	(8,614)	—	(8,614)	—
Net assets assumed	2,421	3,666	20,222	2,731	22,643	6,397
Purchase consideration settled in cash		(1,946)		(26,654)		(28,600)
Cash and cash equivalents acquired		2		258		260
Cash outflow on acquisition		(1,944)		(26,396)		(28,340)

35 Contingent liabilities

As at December 31, 2004, 2005 and 2006 and September 30, 2007, the Group had no material contingent liabilities.

36 Commitments

(a) Operating lease commitments

The Group is the lessee:
The Group leases buildings under non-cancellable lease agreements. The Group's future aggregate minimum lease payments under these non-cancellable operating leases were as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Not later than 1 year	1,129	984	898	2,497
Later than 1 year and not later than 5 years	3,591	2,276	1,833	4,049
Later than 5 years	9,892	5,976	3,769	8,598
	14,612	9,236	6,500	15,144
Non-core Operations				
Not later than 1 year	866	750	249	263
Later than 1 year and not later than 5 years	977	1,401	677	773
Later than 5 years	3,162	2,604	2,858	2,757
	5,005	4,755	3,784	3,793
Total	19,617	13,991	10,284	18,938

The Group is the lessor:
The Group leases out certain office premises, plant and equipment under non-cancellable operating lease agreements. The leases have various terms and renewal rights. The future aggregate minimum rental receivables under these non-cancellable operating leases were as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Not later than 1 year	115	115	118	198
Later than 1 year and not later than 5 years	466	457	450	358
Total	581	572	568	556

(b) Capital commitments

The Group's capital commitments in respect of property, plant and equipment were as follows:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Core Operations				
Contracted but not provided for	12,214	34,380	19,077	7,409
Authorized but not contracted for	1,682	1,080	791	—
	13,896	35,460	19,868	7,409
Non-core Operations				
Contracted but not provided for	7,788	16,255	3,118	38,815
Total	21,684	51,715	22,986	46,224

37 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

During the Relevant Periods, the directors of the Company are of the view that the following companies are related parties of the Group:

Company	Relationship
四洲貿易有限公司 Four Seas Mercantile Limited*	A 30% shareholder of Want-Want Four Seas Co., Ltd., a subsidiary of the Group
日本岩塚制果株式會社 Iwatsuka Confectionery Co., Ltd.*	MAKI Haruo, a non-executive director of the Company, is the president and a shareholder of Iwatsuka Confectionery Co., Ltd.
Jung Times International Ltd	An associated company of the Group
神旺大飯店(股份)有限公司 San Want Hotel Co., Ltd.*	An associated company of Mr. Tsai Eng-Meng, the Chairman of the Group.

* The English name of certain related parties represented the best effort by management of the Company in translating their Chinese/Japanese names as they do not have official English names.

The Group had the following significant transactions and balances with related parties during and at the respective balance sheet dates of the Relevant Periods:

(a) Transactions with related parties

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Continuing transactions:					
Sale of goods (Note (i)) —Four Seas Mercantile Limited	2,885	2,595	3,104	2,815	2,766
Purchase of raw materials, finished goods and machinery parts (Note (i)) —Iwatsuka Confectionery Co., Ltd.	1,340	62	419	107	190
Discontinued transactions:					
Technical know-how (Note (ii)) —Iwatsuka Confectionery Co., Ltd.	339	366	265	197	171

Notes:

(i) In the opinion of the Company's directors, the above related party transactions were carried out in the ordinary course of business and in accordance with the term of the underlying agreements.

(ii) The technical know-how paid to the related party represented fees paid by the Group for the use of the rice crackers production technique owned by the related party and the related training costs, which were charged in accordance with the terms of agreement made between the parties.

(b) Balances with related parties

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
Trade receivables (Note 16)				
—Four Seas Mercantile Limited	1,102	843	1,001	1,001
Non-trade receivables (Note 17)				
—Jung Times International Ltd.	978	889	914	887
—San Want Hotel Co., Ltd.	—	9	200	288
	978	898	1,114	1,175

The receivables from related parties were unsecured, non-interest bearing and repayable on demand.

All non-trade receivables from related parties have been settled by February 2008.

(c) Key management compensation

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Salaries, bonus, pension and other welfares	2,081	2,904	3,409	2,556	599

38 Subsequent events

Save as disclosed elsewhere in this report, the following significant events took place subsequent to September 30, 2007:

(a) The Company was incorporated on October 3, 2007. Subsequent to the incorporation of the Company, the Group completed the Reorganisation in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the details of which are set out in Note 1(b) above.

(b) Pursuant to resolutions of the board of directors of WWHL and the Company, the shares held by WWHL in San Want Holdings Limited were distributed by way of dividend in specie to the Company and other minority shareholders of WWHL, and the Company in turn, distributed the shares in San Want Holdings Limited by way of dividend in specie to the then shareholders of the Company on December 31, 2007. Upon the completion of the distribution of dividends in specie, all the companies of the Group engaged in Non-core Operations were transferred out of the Group on December 31, 2007. The net asset value of the Non-core Operations companies as at December 31, 2007 amounted to USD266.3 million, which was accounted for as distribution of dividend of the Group for the year ended December 31, 2007.

(c) Pursuant to a resolution of the shareholders of the Company dated February 4, 2008, the Company conditionally adopted a Pre-IPO Share Option Scheme, pursuant to which 50,362,400 options were granted to certain directors, senior management and employees of the Group to subscribe the shares in the Company at HK$1.00 per share. These options are exercisable over a period of 4 years with 25% vesting annually commencing from the date of listing of shares of the Company on The Stock Exchange of Hong Kong Limited.

39 Principal subsidiaries

The following sets out the details of the principal subsidiaries of the Group under the Core and Non-core Operations during the Relevant Periods. Pursuant to the Reorganisation, the companies of the Group that are engaged in business of Non-core Operations were transferred out of the Group to the shareholders of the Company by way of dividend in specie on December 31, 2007. As at the date of this report, the companies under the Core Operations which are retained in the Group are set out below:

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Directly owned						
WWHL	Singapore, October 28, 1995	US$212,331,000	99.87	Investment holding	2004 to 2006: Deloitte & Touche Singapore	(ii)
Indirectly owned						
Acevision International Limited	British Virgin Islands, June 6, 2006	US$ 50,000	100	Export sales	Not applicable	(i)
Anji Rimalt Foods Ltd.	PRC, June 22, 2001	US$1,400,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 湖州弘大會計師事務所 Huzhou Hongda Certified Public Accountants 2006: 湖州中天和會計師事務所 Huzhou Zhongtianhe Certified Public Accountants	(ii)
Anqing-Big-Want Foods Ltd.	PRC, December 13, 2004	US$7,000,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 安慶信德會計師事務所 Anqing Xinde Certified Public Accountants 2006: 安徽昌德會計師事務所 Anhui Changde Certified Public Accountants	(ii)
Anqing Want Want Foods Ltd.	PRC, August 18, 2006	US$7,000,000	100	Manufacturing and distribution of food and beverages	2006: 安徽昌德會計師事務所 Anhui Changde Certified Public Accountants	(ii)
Anyang Lee-Want Foods Ltd.	PRC, May 30, 2006	US$1,610,000	100	Manufacturing and distribution of foods and beverages	2006: 河南四方會計師事務所有限責任公司 Henan Sifang Certified Public Accountants	(ii)
Anyang Rimalt Foods Ltd.	PRC, April 26, 2004	US$1,820,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 安陽同心聯合會計師事務所 Anyang Tongxin United Certified Public Accountants 2006: 河南四方會計師事務所有限責任公司 Henan Sifang Firm Group	(ii)
Anyang Want Want Foods Ltd.	PRC, September 29, 2004	US$3,000,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 安陽同心聯合會計師事務所 Anyang Tongxin United Certified Public Accountants 2006: 河南四方會計師事務所有限責任公司 Henan Sifang Firm Group	(ii)
Anyang Big-Want Food Ltd.	PRC, March 13, 2007	US$1,500,000	100	Manufacturing and distribution of food and beverages	Not applicable	(i)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Bao Want Technology Packaging Materials Co., Ltd. (Shares held by I Lan Foods Industrial Co., Ltd.)	Taiwan, September 8, 2005	NTD1,000,000	60	Sales of chemical materials and plastic films/bags	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)
Baotou Salaqi Ming Want Dairy Co., Ltd.	PRC, August 18, 2005	US$5,000,000	100	Manufacturing and distribution of food and beverages	2005: 包頭正華會計師事務所 Baotou Zhenghua Certified Public Accountants 2006: 包頭錦聯會計師事務所 Baotou Jinlian Certified Public Accountants	(ii)
Baotou Salaqi Want Want Foods Co., Ltd.	PRC, August 18,2005	US$5,000,000	100	Manufacturing and distribution of food and beverages	2005: 包頭正華會計師事務所 Baotou Zhenghua Certified Public Accountants 2006: 包頭錦聯會計師事務所 Baotou Jinlian Certified Public Accountants	(ii)
Beijing Be-Want Foods Ltd.	PRC, November 10, 1993	US$9,350,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Beijing Big-Want Foods Ltd.	PRC, December 18, 1995	US$13,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Beijing Cheng-Want Foods Ltd.	PRC, May 28, 2004	US$1,440,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Beijing Dairy-Want Foods Ltd.	PRC, July 18, 2005	US$10,500,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Beijing Lee-Want Foods Ltd.	PRC, May 26, 2006	US$1,400,000	100	Manufacturing and distribution of food and beverages	2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Beijing Lion-Want Packing Ltd.	PRC, March 25, 1996	US$2,100,000	100	Manufacturing of packing materials	2004, 2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Beijing Mingwant Foods Ltd.	PRC, December 27, 2002	RMB40,000,000	75.59	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Beijing Rimalt Foods Ltd.	PRC, August 28, 2001	US$1,400,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Beijing Want Want Foods Ltd.	PRC, November 26, 1994	US$6,000,000	93	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 北京中威華浩 會計師事務所 Beijing Zhongweihuahao Certified Public Accountants	(ii)
Changsha Ming-Want Condensed Milk Ltd.	PRC, April 16, 2003	US$1,350,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 湖南大信有限責任 會計師事務所 Hunan Daxin Certified Public Accountants	(ii)
Changsha Want Want Foods Ltd.	PRC, October 24, 1995	US$17,970,000	100	Manufacturing and distribution of food and beverages	2004: 天職孜信有限責任會計師事務所 Vocation International Certified Public Accountants 2005 and 2006: 湖南大信有限責任會計師事務所 Hunan Daxin Certified Public Accountants	(ii)
Chengdu Big-Want Foods Ltd.	PRC, December 27, 1999	US$5,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 四川正信會計師事務所 Sichuan Zhengxin Certified Public Accountants	(ii)
Chengdu Fore-Want Foods Ltd.	PRC, June 8, 1994	US$1,540,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 四川正信會計師事務所 Sichuan Zhengxin Certified Public Accountants	(ii)
Chengdu Ming-Want Dairy Ltd.	PRC, March 2, 2006	US$9,700,000	100	Manufacturing and distribution of food and beverages	2006: 四川正信會計師事務所 Sichuan Zhengxin Certified Public Accountants	(ii)
Chengdu Want Want Foods Ltd.	PRC, July 3, 1995	US$9,800,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 四川正信會計師事務所 Sichuan Zhengxin Certified Public Accountants	(ii)
Citistar Worldwide Limited	British Virgin Islands, October 18, 2006	US$50,000	100	Export sales	Not applicable	(i)
Dezhou Rimalt Foods Ltd.	PRC, July 12, 2004	US$600,000	100	Manufacturing and distribution of food and beverages	2004: 濟南友誼有限責任會計師事務所 Jinan Youyi Sichuan Certified Public Accountants 2005 and 2006: 大信會計師事務所山東分所 Shandong Branch of Daxin Certified Public Accountants	(ii)
Eastpier Overseas Ltd. (BVI.)	British Virgin Islands, October 20, 2000	US$86,000	95.2	Investment holding	Not applicable	(i), (iii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Everpeak Worldwide Limited	British Virgin Islands, August 17, 2006	US$50,000	100	Export sales	Not applicable	(i)
First Family Enterprise Co., Ltd. (Shares held by I Lan Foods Industrial Co., Ltd.)	Taiwan, October 6, 1988	NTD 66,500,000	100	Trading of snack Food	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)
Guangxi Big-Want Foods Ltd.	PRC, August 12, 2004	US$3,000,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 廣西英威爾會計師事務所 Guangxi Yingweier Certified Public Accountants 2006: 江西上高誠德聯合會計師事務所 Jiangxi Shanggaochengde United Certified Public Accountants	(ii)
Guangxi Want Want Foods Ltd.	PRC, August 9, 2004	US$3,000,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 廣西英威爾會計師事務所 Guangxi Yingweier Certified Public Accountants 2006: 江西上高誠德聯合會計師事務所 Jiangxi Shanggaochengde United Certified Public Accountants	(ii)
Guangzhou Be-Want Foods Ltd.	PRC, May 6, 1997	US$4,850,000	100	Manufacturing and distribution of food and beverages	2004: 廣東新華會計師事務所 Guangdong Xinhua Certified Public Accountants 2005: 廣州遠東合夥會計師事務所 Guangzhou Yuandong Certified Public Accountants 2006: 廣州遠華會計師事務所 Guangzhou Yuanhua Certified Public Accountants	(ii)
Guangzhou Big-Want Foods Ltd.	PRC, November 23, 1995	US$10,000,000	100	Manufacturing and distribution of food and beverages	2004: 廣東新華會計師事務所 Guangdong Xinhua Certified Public Accountants 2005: 廣州遠東合夥會計師事務所 Guangzhou Yuandong Certified Public Accountants 2006: 廣州遠華會計師事務所 Guangzhou Yuanhua Certified Public Accountants	(ii)
Guangzhou Lee-Want Foods Ltd.	PRC, January 9, 2004	US$6,000,000	100	Manufacturing and distribution of food and beverages	2004: 廣東新華會計師事務所 Guangdong Xinhua Certified Public Accountants 2005: 廣州遠東合夥會計師事務所 Guangzhou Yuandong Certified Public Accountants 2006: 廣州遠華會計師事務所 Guangzhou Yuanhua Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Guangzhou Ming-Want Dairy Ltd.	PRC, February 4, 2004	US$15,000,000	100	Manufacturing and distribution of food and beverages	2004: 廣東新華會計師事務所 Guangdong Xinhua Certified Public Accountants 2005: 廣州遠東合夥會計師事務所 Guangzhou Yuandong Certified Public Accountants 2006: 廣州遠華會計師事務所 Guangzhou Yuanhua Certified Public Accountants	(ii)
Guangzhou Want Want Foods Ltd.	PRC, November 23, 1995	US$9,000,000	100	Manufacturing and distribution of food and beverages	2004: 廣東新華會計師事務所 Guangdong Xinhua Certified Public Accountants 2005: 廣州遠東合夥會計師事務所 Guangzhou Yuandong Certified Public Accountants 2006: 廣州遠華會計師事務所 Guangzhou Yuanhua Certified Public Accountants	(ii)
Guangzhou Xiang-Want Foods Ltd.	PRC, January 20, 2006	US$9,000,000	100	Manufacturing and distribution of food and beverages	2006: 廣州遠華會計師事務所 Guangzhou Yuanhua Certified Public Accountants	(ii)
Guangzhou Yong-Want Foods Ltd.	PRC, September 6, 2004	US$7,000,000	100	Manufacturing and distribution of food and beverages	2004: 廣東新華會計師事務所 Guangdong Xinhua Certified Public Accountants 2005: 廣州遠東合夥會計師事務所 Guangzhou Yuandong Certified Public Accountants 2006: 廣州遠華會計師事務所 Guangzhou Yuanhua Certified Public Accountants	(ii)
Hangzhou Big-Want Foods Ltd.	PRC, December 19, 1995	US$7,050,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)
Hangzhou Lee-Want Foods Ltd.	PRC, September 1, 2006	US$1,400,000	100	Manufacturing and distribution of food and beverages	2006: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)
Hangzhou Mei-Want Machinery Ltd.	PRC, July 30, 2004	US$600,000	100	Manufacturing and sales of machineries and related services	2004, 2005 and 2006: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)
Hangzhou Rimalt Foods Ltd.	PRC, December 12, 1995	US$4,200,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)
Hangzhou Sun-Want Foods Ltd.	PRC, December 26, 1997	US$12,000,000	100	Manufacturing and distribution of food, wine and beverages	2004, 2005 and 2006: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Hangzhou Tiane Foods Chemical Co., Ltd.	PRC, December 7, 1995	US$1,050,000	100	Manufacturing of dehydrating, deoxidating, preservative and related products	2004, 2005 and 2006: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)
Hangzhou Want Want Foods Ltd.	PRC, December 3, 1993	US$9,800,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)
Hangzhou Yongxin Convenient Chain Store Ltd.	PRC, November 6, 2002	US$6,000,000	80	Retailing of consumer products	2004 and 2005: 杭州恒辰會計師事務所 Hangzhou Hengchen Certified Public Accountants	(ii)
Harbin Rimalt Foods Ltd.	PRC, October 9, 2004	US$1,820,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 雙城滙豐會計師事務所 Shuangcheng Huifeng Certified Public Accountants	(ii)
Harbin Want Want Foods Ltd.	PRC, April 1, 2004	US$5,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 哈爾濱濱港會計師事務所 Haerbin Bingang Certified Public Accountants	(ii)
Hefei Quanging Want Foods Co., Ltd.	PRC, November 10, 2005	US$3,000,000	75	Manufacturing and distribution of food and beverages	2006: 安徽華安會計師事務所 Anhui Huaan Certified Public Accountants	(ii)
Hefei Want Want Foods Ltd.	PRC, July 13, 2004	US$3,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 安徽華安會計師事務所 Anhui Huaan Certified Public Accountants	(ii)
Henan Rimalt Foods Ltd.	PRC, November 16, 2001	US$1,750,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 安陽同心聯合會計師事務所 Anyang Tongxin Certified Public Accountants 2006: 河南四方會計師事務所會計師事務所 Henan Sifang Firm Group	(ii)
Houma Want Want Foods Ltd.	PRC, April 24, 2006	US$3,000,000	100	Manufacturing and distribution of food and beverages	2006: 侯馬中誠聯合會計師事務所 Houma Zhongcheng United Certified Public Accountants	(ii)
Houma Xiang-Want Foods Ltd.	PRC, August 3, 2006	US$700,000	100	Manufacturing and distribution of food and beverages	2006: 侯馬中誠聯合會計師事務所 Houma Zhongcheng United Certified Public Accountants	(ii)
Huaian Want Want Foods Ltd.	PRC, August 19, 2004	US$10,100,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 淮安國信會計師事務所 Huaian Guoxin Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Hubei Bao-Want Packaging Materials Ltd.	PRC, October 19, 2005	US$250,000	60	Manufacturing and sales of packaging materials	2005 and 2006: 仙桃興華聯合會計師事務所 Xiantao Xinghua United Certified Public Accountants	(ii)
Hubei Lee-Want Foods Ltd.	PRC, August 5, 2005	US$2,500,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 仙桃興華聯合會計師事務所 Xiantao Xinghua United Certified Public Accountants	(ii)
Hubei Want Want Foods Ltd.	PRC, February 24, 2003	US$3,000,000	100	Manufacturing and distribution of food and beverages	2004: 湖北華興會計師事務所 Hubei Huaxing Certified Public Accounts 2005 and 2006: 仙桃興華聯合會計師事務所 Xiantao Xinghua United Certified Public Accountants	(ii)
Hunan Big-Want Foods Ltd.	PRC, June 13, 2000	US$7,900,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 湖南大信有限責任會計師事務所 Hunan Daxin Certified Public Accountants	(ii)
Hunan Jet-Want Packaging Ltd.	PRC, September 13, 2002	US$5,500,000	100	Manufacturing of packing bags and carton boxes	2004 and 2006: 湖南大信有限責任會計師事務所 Hunan Daxin Certified Public Accountants 2005: 湖南里程有限責任會計師事務所 Hunan Licheng Certified Public Accountants.	(ii)
Hunan Want Want Foods Ltd.	PRC, July 1, 1992	US$15,000,000	100	Manufacturing and distribution of food and beverages	2004: 天職孜信有限責任會計師事務所 Vocation International Certified Public Accountants. 2005: 湖南里程有限責任會計師事務所 Hunan Licheng Certified Public Accountants. 2006: 湖南大信有限責任會計師事務所 Hunan Daxin Certified Public Accountants.	(ii)
I Lan Foods Industrial Co., Ltd.	Taiwan, May 31, 1962	NTD10,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)
Jiangxi Want Want Foods Ltd.	PRC, March 9, 2006	US$1,500,000	100	Manufacturing and distribution of food and beverages	Not applicable	(i)
Leading Guide Corporation	British Virgin Islands, March 26, 1992	US$40,000,000	100	Investment holding	Not applicable	(i)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Lianyungang Want Want Foods Ltd.	PRC, January 19, 2005	US$8,000,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 江蘇中瑞華會計師事務所 Jiangsu Zhongtuihua Certified Public Accountants	(ii)
Jiangxi Be Wang Foods Ltd.	PRC, March 8, 2007	US$2,500,000	100	Manufacturing and distribution of food and beverages	Not applicable	(i)
Longchang Rimalt Foods Ltd.	PRC, August 2, 2001	US$1,750,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 四川德正會計師事務所 Sichuan Dezheng Certified Public Accountants	(ii)
Longchang Want Want Foodstuff Co., Ltd.	PRC, October 24, 2003	US$700,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 四川德正會計師事務所 Sichuan Dezheng Certified Public Accountants	(ii)
Longchang Xiang Want Food Ltd.	PRC, December 11, 2006	US$2,100,000	100	Manufacturing and distribution of food and beverages	Not applicable	(iv)
Long Wave Foods Limited	Hong Kong, December 23, 1991	HKD10,000	100	Trading of food and beverages	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)
Luohe Want-Want Foods Ltd.	PRC, May 23, 2005	US$5,000,000	100	Manufacturing and distribution of food and beverages	2006: 漯河金陽聯合會計師事務所 Luohe Jinyang United Certified Public Accountants	(ii)
Ming Want Worldwide Limited	British Virgin Islands, June 18, 2003	US$250,000	100	Investment holding	Not applicable	(i), (iii)
Nanjing Big-Want Foods Ltd.	PRC, October 9, 1995	US$8,550,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Nanjing Cubic-Want Plastic Ltd.	PRC, December 22, 1995	US$2,500,000	100	Production of packaging materials and cans	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Nanjing Fore-Want Foods Ltd.	PRC, December 11, 1995	US$6,300,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Nanjing Jet-Want Packaging Ltd.	PRC, December 11, 1995	US$17,000,000	95	Manufacturing of packing bags and carton boxes	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Nanjing Lion-Want Packaging Ltd.	PRC, September 2, 1995	US$2,100,000	100	Manufacturing of packing materials	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Nanjing Plus-Want Packaging Ltd.	PRC, July 4, 1997	US$1,600,000	100	Manufacturing of plastic packaging materials	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Nanjing Rimalt Foods Ltd.	PRC, October 26, 2001	US$2,500,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 南京中信會計師事務所 Nanjing Zhongxin Certified Public Accountants 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Nanjing Want Want Foods Ltd.	PRC, October 16, 1992	US$6,400,000	91	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Ningxia Ming-Want Dairy Ltd.	PRC, July 23, 2007	US$12,000,000	100	Manufacturing and distribution of food and beverages	Not applicable	(i)
Old Man Co., Ltd. (Shares held by I Lan Foods Industrial Co., Ltd.)	Taiwan, June 16, 1999	NTD1,000,000	100	Trading of food and beverages	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)
Qihe Rimalt Foods Ltd.	PRC, March 31, 2004	US$1,400,000	100	Manufacturing and distribution of food and beverages	2004: 濟南友誼有限責任會計師事務所 Jinan Youyi Certified Public Accountants 2005 and 2006: 大信會計師事務有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Qihe Want Want Foods Ltd. (formerly known as Qihe Rimalt Foods Ltd.)	PRC, November 14, 2001	US$700,000	100	Manufacturing and distribution of food and beverages	2004: 濟南友誼有限責任會計師事務所 Jinan Youyi Certified Public Accountants 2005 and 2006: 大信會計師事務有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Quanzhou Rimalt Foods Ltd.	PRC, December 3, 2001	US$1,750,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 安溪大同有限責任 會計師事務所 Anxi Datong Certified Public Accountants	(ii)
Saxone Worldwide Ltd. (BVI.)	British Virgin Islands, October 08, 1996	US$50,000	95	Investment holding	Not applicable	(i)
Shandong Big Want Foods Ltd.	PRC, July 3, 2002	US$4,500,000	100	Manufacturing and distribution of food and beverages	2004: 濟南友誼有限責任 會計師事務所 Jinan Youyi Certified Public Accountants 2005 and 2006: 大信會計師事務 有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shandong He-Want Desiccant Ltd.	PRC, April 29, 2004	US$700,000	100	Manufacturing and distribution of desiccant, deoxidants, preservatives and related products	2004: 濟南友誼有限責任 會計師事務所 Jinan Youyi Certified Public Accountants 2005 and 2006: 大信會計師事務 有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shandong Jet-Want Packaging Ltd.	PRC, July 10, 2006	US$5,000,000	100	Manufacturing and sales of packaging materials and carton boxes	2006: 大信會計師事務 有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shandong Ming-Want Dairy Ltd.	PRC, August 16, 2004	US$2,500,000	100	Manufacturing and distribution of food and beverages	2004: 濟南友誼有限責任 會計師事務所 Jinan Youyi Certified Public Accountants 2005 and 2006: 大信會計師事務 有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shandong Qiang Want Foods Ltd.	PRC, January 25, 2006	US$4,000,000	100	Manufacturing and distribution of food and beverages	2006: 大信會計師事務 有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Shandong Rimalt Foods Ltd.	PRC, July 19, 2001	US$1,800,000	100	Manufacturing and distribution of food and beverages	2004: 濟南友誼有限責任會計師事務所 Jinan Youyi Certified Public Accountants 2005 and 2006: 大信會計師事務有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shandong Rui-Want Foods Ltd.	PRC, May 17, 2006	US$5,000,000	100	Manufacturing and distribution of food and beverages	2006: 大信會計師事務有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shandong Want Want Foods Ltd.	PRC, March 19, 2002	US$5,000,000	100	Manufacturing and distribution of food and beverages	2004: 濟南友誼有限責任會計師事務所 Jinan Youyi Certified Public Accountants 2005 and 2006: 大信會計師事務有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shandong Xiang-Want Foods Ltd.	PRC, August 19 2005	US$5,000,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 大信會計師事務有限公司山東分所 Daxin Certified Public Accountants Shandong Branch	(ii)
Shanggao Rimalt Foods Co., Ltd.	PRC, November 19, 2001	US$1,800,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 江西上高誠德聯會計師事務所 Jiangxi Shanggaochengde United Certified Public Accountants	(ii)
Shanggao Want Want Foods Ltd.	PRC, August 9, 2005	US$5,000,000	100	Manufacturing and distribution of food and beverages	2006: 江西上高誠德聯會計師事務所 Jiangxi Shanggaochengde United Certified Public Accountants	(ii)
Shanghai Dragon's Moral Consulting Ltd.	PRC, December 12, 2001	US$350,000	100	Provision of consultancy services and information	2004: 上海銘瑞會計師事務所 Shanghai Mingrui Certified Public Accountants 2005: 上海中佳永信會計師事務所 Shanghai Zhongjiayongxin Certified Public Accountants 2006: 上海華正會計師事務所有限公司 Shanghai Huazheng Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Shenyang Big-Want Foods Ltd.	PRC, December 1, 1995	US$9,950,000	100	Manufacturing and distribution of food, wine and beverages	2004, 2005 and 2006: 瀋陽公信會計師事務所 Shenyang Gongxin Certified Public Accountants	(ii)
Shenyang Rice-Want Cereals & Oils Ltd.	PRC, December 25, 2000	US$8,600,000	95.2	Processing and sales of rice and oil products	2004, 2005 and 2006: 瀋陽公信會計師事務所 Shenyang Gongxin Certified Public Accountants	(ii), (iii)
Shenyang Want Want Foods Ltd.	PRC, December 1, 1995	US$10,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 瀋陽公信會計師事務所 Shenyang Gongxin Certified Public Accountants	(ii)
Shijiazhuang Ming-Want Dairy Ltd.	PRC, September 12, 2006	US$6,250,000	100	Manufacturing and distribution of food and beverages	2006: 中喜會計師事務所有限責任公司石家莊分所 Zhongxi Certified Public Accountants Shijiazhuang Branch	(ii)
Shuangcheng Rimalt Foods Ltd.	PRC, May 15, 2002	US$1,800,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 雙城滙豐會計師事務所 Shuangcheng Huifeng Certified Public Accountants	(ii)
Suzhou Want Want Tourism Development Co., Ltd.	PRC, November 2, 2005	US$10,000,000	100	Leisure tourism activities and service including restaurants, lodgings, farming, entertainment and sports	2006: 上海華正會計師事務所有限公司 Shanghai Huazheng Certified Public Accountants	(ii)
Tongchuan Want Want Foods Ltd.	PRC, September 14, 2006	US$8,100,000	100	Manufacturing and distribution of food and beverages	Not applicable	(i)
Tongchuan Rimalt Foods Ltd.	PRC, September 10, 2002	US$3,250,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 銅川公立有限責任 會計師事務所 Tongchuan Gongli Certified Public Accountants	(ii)
Viewpoint Overseas Ltd. (BVI.)	British Virgin Islands, April 4, 2001	US$50,000	100	Export sales	Not applicable	(i)
Want Want Food Pte Ltd.	Singapore, Jan 14, 1992	SGD100,000	100	Trading of food and beverages	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)
Want Want Foods Limited	Hong Kong, January 9, 1992	HKD10,000	100	Trading of food and beverages	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Want-Want Four Seas Co., Ltd.	Hong Kong, July 1, 1998	HKD2,000,000	70	Distributing of food and beverages and related activities	2004, 2005 and 2006: 香港黃志文會計師事務所 Eddy Wong & Co, Hong Kong	(ii)
Want Want Japan Co., Ltd.	Japan, July 23, 2003	JPY100,000,000	60	Import, export and distribution of food and beverages and related services	2004, 2005 and 2006: 日本中央會計師事務所 Central Audit Corporation, Japan	(ii)
Weifang Rimalt Foods Ltd.	PRC, July 24, 2001	US$1,500,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 山東新華有限責任會計師事務所 Shandong Xinhua Certified Public Accountants	(ii)
Wellstand Enterprises Limited	British Virgin Islands, November 21, 1996	US$50,000	100	Investment holding	Not applicable	(i)
Wingate Overseas Holdings Ltd.	British Virgin Islands, June 25, 2002	US$50,000	100	Investment holding	Not applicable	(i)
Xiantao Rimalt Foods Ltd.	PRC, August 30, 2001	US$1,400,000	100	Manufacturing and distribution of food and beverages	2004: 湖北華興會計師事務所 Hubei Huaxing Certified Public Accountants 2005 and 2006: 仙桃興華聯合會計師事務所 Xiantao Xinghua United Certified Public Accountants	(ii)
Xiantao Want Want Foods Ltd.	PRC, February 24, 2003	US$700,000	100	Manufacturing and distribution of food and beverages	2004: 湖北華興會計師事務所 Hubei Huaxing Certified Public Accountants 2005 and 2006: 仙桃興華聯合會計師事務所 Xiantao Xinghua United Certified Public Accountants	(ii)
Xining Want Want Foods Ltd.	PRC, August 10, 2005	US$5,000,000	100	Manufacturing and distribution of food and beverages	2006: 青海正信會計師事務所有限公司 Qinghai Zhengxin Certified Public Accountants	(ii)
Xinjiang Big-Want Dairy Ltd.	PRC, December 9, 2004	US$5,000,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 新疆公信天辰會計師事務所 Xinjiang Gongxintianchen Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Xinjiang Ming-Want Dairy Ltd.	PRC, March 11, 2004	US$4,000,000	100	Manufacturing and distribution of food and beverages	2004: 新疆瑞新有限責任會計師事務所 Xinjiang Ruixin Limited Liability Certified Public Accountants 2005 and 2006: 新疆公信天辰會計師事務所 Xinjiang Gongxintianchen Certified Public Accountants	(ii)
Xinjiang Ru-Want Dairy Ltd.	PRC, August 17, 2006	US$2,100,000	100	Manufacturing and distribution of food and beverages	2006: 新疆公信天辰會計師事務所 Xinjiang Gongxintianchen Certified Public Accountants	(ii)
Xinjiang Want Want Foods Ltd.	PRC, May 31, 2005	US$2,500,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 新疆公信天辰會計師事務所 Xinjiang Gongxintianchen Certified Public Accountants	(ii)
Xuzhou Big-Want Foods Ltd.	PRC, October 14, 2004	US$5,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 徐州博遠會計師事務所 Xuzhou Boyuan Certified Public Accountants	(ii)
Yishu Media Creative Technology Co., Ltd. (Shares held by I Lan Foods Industrial Co., Ltd.)	Taiwan, January 16, 2006	NTD27,750,000	59	Advertising, product design publishing and event organizing	2004, 2005 and 2006: Deloitte & Touche Certified Public Accountants	(ii)
Zhejiang Ming-Want Dairy Ltd.	PRC, July 1, 2005	US$16,600,000	100	Manufacturing and distribution of food and beverages	2005 and 2006: 衢州中瑞華會計師事務所有限公司 Quzhou Zhongruihua Certified Public Accountants	(ii)

Details of the companies that are engaged in the business of Non-core Operations are set out below:

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
San Want Holdings Limited	Barbados, May 29, 2007	US$1	100	Investment Holding	Not applicable	(i)
Anqing Want Want Real Estate Co., Ltd.	PRC, April 6, 2005	US$15,000,000	100	Property development, sales, management and related services	2005: 安慶信德會計師事務所 Anqing Xinde Certified Public Accountants 2006: 安慶昌德會計師事務所 Anqing Changde Certified Public Accountants	(ii)
Hunan Want Want Hospital Co., Ltd.	PRC, April 24, 2002	RMB230,000,000	70	Hospital and related services	2004: 天職孜信有限責任會計師事務所 Vocation International Certified Public Accountants 2005 and 2006: 深圳南方民和會計師事務所 Shenzhen Nanfang-minhe Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Huaian Sun-Want Hotel Co., Ltd.	PRC, September 1, 2004	US$29,980,000	100	Hotel operation and related services	2004 and 2005: 淮安國信會計師事務所 Huaian Guoxin Certified Public Accountants 2006: 淮安禧聯華會計師事務所 Huaian Xilianhua Certified Public Accountants	(ii)
Huaian Want Want Real Estate Co., Ltd.	PRC, July 26, 2004	US$12,500,000	100	Property development, sales, management and related services	2004 and 2005: 淮安國信會計師事務所 Huaian Guoxin Certified Public Accountants 2006: 淮安禧聯華會計師事務所 Huaian Xilian Certified Public Accountants	(ii)
Lianyungang Want Want Real Estate Co., Ltd.	PRC, August 6, 2004	US$29,980,000	100	Property development, sales, management and related services	2005: 江蘇中瑞華會計師事務所 Jiangsu Zhongruihua Certified Public Accountants 2006: 連雲港譽達聯合會計師事務所 Lianyungang Yuda United Certified Public Accountants	(ii)
Luohe Want Want Real Estate Co., Ltd.	PRC, April 13, 2005	US$6,000,000	100	Property development, sales, management and related services	2005 and 2006: 河南廣信永安聯合會計師事務所 Henan Guangxinyong'an United Certified Public Accountants	(ii)
Nanjing Ming-Want Agricultural Eco Park Ltd.	PRC, April 28, 2003	US$9,900,000	100	Development of new technology for and related services and distribution and sales of farm products	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii), (iii)
Nanjing Ming-Want Dairy Ltd.	PRC, June 16, 2003	US$20,000,000	100	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii), (iii)
Nanjing Sun-Want Hotel Co., Ltd.	PRC, August 17, 2004	US$29,980,000	100	Hotel operation and related services/ products	2004, 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)
Nanjing Want Want Real Estate Co., Ltd.	PRC, November 17, 2003	US$6,000,000	100	Property development, sales, management and related services	2004: 南京中元聯合會計師事務所 Nanjing Zhongyuan United Certified Public Accountants 2005 and 2006: 南京永寧會計師事務所 Nanjing Yongning Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Ningbo Want Want Plant Biotechnology Co., Ltd.	PRC, February 27, 2006	US$500,000	100	Breeding and sale of plants and related business	2004, 2005 and 2006: 寧波世明會計師事務所 Ningbo Shiming Certified Public Accountants	(ii)
Scione International Management Consulting Co., Ltd.	British Virgin Islands, May 4, 2004	US$50,000	100	Investment holding	Not applicable	(i)
Shanghai Cheerful Foods Co., Ltd.	PRC, August 5, 1993	US$2,500,000	95.2	Manufacturing and distribution of food and beverages	2004, 2005 and 2006: 上海銘瑞會計師事務所 Shanghai Mingrui Certified Public Accountants	(ii)
Shanghai Family-Want Foods Ltd.	PRC, April 20, 2000	US$1,000,000	100	Manufacturing and distribution of food and beverages	2004 and 2005: 上海達隆會計師事務所 Shanghai Dalon Certified Public Accountants 2006: 上海從信會計師事務所 Shanghai Congxin Certified Public Accountants	(ii)
Shanghai Fore-Want Foods Ltd.	PRC, March 25, 1993	US$21,230,000	100	Manufacturing and distribution of food and beverages	2004: 上海達隆會計師事務所 Shanghai Dalon Certified Public Accountants 2005: 上海中佳永信會計師事務所 Shanghai Zhongjiayongxin Certified Public Accountants 2006: 上海華正會計師事務所有限公司 Shanghai Huazheng Certified Public Accountants	(ii)
Shanghai Sun-Want Hotel Co. Ltd. (formerly named Shanghai Qianhe Hotel Ltd.)	PRC, July 13, 1990	RMB230,000,000	100	Hotel operation and related services	2004 and 2005: 萬隆眾天會計師事務所有限公司 Shanghai Wanlongzhongtian Certified Public Accountants 2006: 上海文會會計師事務所有限公司 Shanghai Wenhui Certified Public Accountants	(ii)

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group %	Principal activities	Auditors	Note
Shanghai Sun-Want Property Ltd.	PRC, April 27, 2002	US$22,000,000	100	Property development, sales, management and related services	2004: 上海毅石聯合會計師事務所 Shanghai Yishi Certified Public Accountants 2005: 上海定坤會計師事務所有限公司 Shanghai Dingkun Certified Public Accountants 2006: 上海從信會計師事務所 Shanghai Congxin Certified Public Accountants	(ii), (iii)
Want Want (China) Investment Co., Ltd.	PRC, September 8, 2004	US$40,000,000	100	Investment holding and related services	2005: 上海求是會計師事務所 Shanghai Qiushi Certified Public Accountants 2006: 上海從信會計師事務所 Shanghai Congxin Certified Public Accountants	(ii)
Xining Sun-Want Hotel Co., Ltd.	PRC, December 11, 2006	US$20,000,000	100	Hotel operation and related services	Not applicable	(i)
Xuzhou Want Want Real Estate Co., Ltd.	PRC, October 11, 2004	US$10,000,000	100	Property development, sales, management and related services	2004, 2005 and 2006: 徐州博遠會計師事務所 Xuzhou Boyuan Certified Public Accountants	(ii)

Notes:

(i) No audited financial statements were prepared for these companies as they are either not required to issue audited financial statements under the local statutory requirements or newly established that their first statutory audits are not yet to come.

(ii) These statutory audits of these companies' financial statements for the years ended 31 December 2004, 2005 and 2006 were performed by certified public accountants in the PRC, Hong Kong, Singapore and Japan where appropriate.

(iii) All subsidiaries of the Group during the Relevant Periods were limited liability entities. The Group's interests in the above subsidiaries throughout the Relevant Periods or since the dates of establishment of the companies where appropriate, are as stated in the table above, except for the following movements in equity interests in these subsidiaries:

Company name	Country/place and date of incorporation	Issued and paid up capital/ registered capital	Effective interests held by the Group			
			2004	2005	2006	2007
			%	%	%	%
Core Operations						
Eastpier Overseas Ltd. (BVI.)	British Virgin Islands, October 20, 2000	US$86,000	89.7	95.2	95.2	95.2
Ming Want Worldwide Limited	British Virgin Islands, June 18, 2003	US$250,000	99	100	100	100
Shenyang Rice-Want Cereals & Oils Ltd.	PRC, December 25, 2000	US$8,600,000	89.7	95.2	95.2	95.2
Non-core Operations						
Nanjing Ming-Want Agricultural Eco Park Ltd.	PRC, April 28, 2003	US$9,900,000	99	100	100	100
Nanjing Ming-Want Dairy Ltd.	PRC, June 16, 2003	US$20,000,000	99	100	100	100
Shanghai Sun-Want Property Ltd.	PRC, April 27, 2002	US$22,000,000	99	99	100	100

(iv) The English names of certain subsidiaries and auditors represented the best effort by management of the Company in translating their Chinese names as they do not have official English names.

III FINANCIAL INFORMATION OF THE COMPANY

As at September 30, 2007, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves as at that date.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to September 30, 2007. Save as disclosed in "Subsequent events" in Note 38(b) of Section II of this report, no dividend or distribution has been declared or made by the Company in respect of any period subsequent to September 30, 2007.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong