WANT WANT CHINA HOLDINGS LIMITED
中國旺旺控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0151)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2007

FINANCIAL HIGHLIGHTS OF CORE OPERATIONS

	Year ended December 31,		
	2007	2006	Year-on-Year change (%)
Key Income Statement Items			
(Expressed in USD'000 unless otherwise stated)			
Sales	**1,094,540**	849,948	28.8%
Gross profit	**436,466**	320,599	36.1%
Operating profit	**227,634**	160,242	42.1%
EBITDA[1]	**279,065**	200,156	39.4%
Profit attributable to equity holders	**201,188**	141,192	42.5%
Key Financial Ratios			
Gross profit margin (%)	**39.9%**	37.7%	
Operating profit margin (%)	**20.8%**	18.9%	
Margin of profit attributable to equity holders (%)	**18.4%**	16.6%	
Effective tax rate (%)	**10.5%**	10.4%	
Return on equity (%)	**31.3%**	26.0%	

[1] EBITDA refers to earnings before interest, tax, depreciation and amortization

- Turnover of the Core Operations improved by 28.8% in year 2007 over 2006.
- Profit from Core Operations attributable to equity holders of the Company leapt 42.5% to US$201.2 million.
- Margin of profit from Core Operations attributable to equity holders improved from 16.6% in 2006 to 18.4% in 2007 despite rising costs in China.
- Proposed final dividend per share was US0.91 cents, representing 60% of profit from Core Operations attributable to equity holders of the Company for year 2007.

The board of directors (the "Board" or "Directors") of Want Want China Holdings Limited (the "Company") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2007.

CONSOLIDATED INCOME STATEMENT

		Year ended December 31,	
		2007	2006
	Note	***US$'000***	*US$'000*
Core Operations:			
Sales	3	**1,094,540**	849,948
Cost of sales		**(658,074)**	(529,349)
Gross profit		**436,466**	320,599
Other gains — net	4	**6,221**	1,006
Other income	5	**23,383**	29,806
Selling and distribution expenses		**(131,930)**	(105,315)
Administrative expenses		**(106,506)**	(85,854)
Operating profit	6	**227,634**	160,242
Finance income		**2,922**	1,701
Finance costs		**(4,555)**	(4,965)
Finance costs — net	7	**(1,633)**	(3,264)
Share of results of associated companies		**(330)**	(159)
Profit before income tax		**225,671**	156,819
Income tax expense	8	**(23,753)**	(16,292)
Profit for the year from Core Operations		**201,918**	140,527
Discontinued Non-core Operations:			
Loss for the year from Discontinued Non-core Operations	11	**(25,790)**	(16,879)
Profit for the year		**176,128**	123,648

	Note	Year ended December 31, **2007** *US$'000*	2006 *US$'000*
Attributable to:			
Equity holders of the Company			
Core Operations		**201,188**	141,192
Discontinued Non-core Operations		**(24,440)**	(14,366)
		176,748	126,826
Minority interests		**(620)**	(3,178)
		176,128	123,648
Earnings per share for profit from Core Operations attributable to the equity holders of the Company for the year			
— basic	9	**US1.57 cents**	US1.10 cents
Loss per share for loss from Discontinued Non-core Operations attributable to the equity holders of the Company for the year			
— basic	9	**(US0.19 cents)**	(US0.11 cents)
Dividends	10		
Interim, paid by way of distribution of Discontinued Non-core Operations		**266,304**	—
Proposed final		**120,713**	25,775
		387,017	25,775

CONSOLIDATED BALANCE SHEET

		As at December 31,	
		2007	2006
	Note	***US$'000***	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**450,828**	521,924
Leasehold land and land use rights		**39,425**	74,563
Investment properties		**3,128**	26,347
Intangible assets		**1,463**	7,947
Associated companies		**1,158**	239
Deferred income tax assets		**692**	648
Available-for-sale financial assets		**652**	652
		497,346	632,320
Current assets			
Inventories		**204,243**	170,904
Properties under development for sale		**23,373**	110,253
Non-current assets held for sale		**6,244**	—
Trade receivables	12	**67,232**	54,974
Prepayments, deposits and other receivables		**65,826**	55,634
Financial assets at fair value through profit or loss		**680**	1,087
Cash and cash equivalents		**270,466**	185,114
		638,064	577,966
Total assets		**1,135,410**	1,210,286

	Note	As at December 31, 2007 US$'000	2006 US$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**257,103**	257,103
Other reserves		**433,883**	494,514
		690,986	751,617
Minority interests in equity		**4,533**	7,049
Total equity		**695,519**	758,666
LIABILITIES			
Non-current liabilities			
Borrowings		**168,000**	56,433
Deferred income tax liabilities		**—**	7,696
		168,000	64,129
Current liabilities			
Trade payables	13	**79,033**	94,044
Accruals and other payables		**166,328**	101,526
Current income tax liabilities		**11,251**	2,536
Borrowings		**15,279**	189,385
		271,891	387,491
Total liabilities		**439,891**	451,620
Total equity and liabilities		**1,135,410**	1,210,286
Net current assets		**366,173**	190,475
Total assets less current liabilities		**863,519**	822,795

Notes:

1. GENERAL INFORMATION OF THE GROUP AND REORGANISATION

(a) General information of the Group

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

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

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

(b) Reorganisation

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

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

In preparation for the Listing, further reorganisation was carried out to transfer the companies engaged in the Discontinued Non-core Operations to the shareholders of the Company and the 0.13% minority shareholders of WWHL by way of distribution of dividend in specie. Subsequent to the completion of the above reorganisation steps (collectively the "Reorganisation"), the Group is now engaged in the Core Operations only.

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

2 BASIS OF PREPARATION

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

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

Relevant to the Group's operations:

- HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements — Capital disclosures', introduces new disclosures relating to financial instruments and do not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

- HK(IFRIC) — Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

- HK(IFRIC) — Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

Not relevant to the Group's operations:

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

- HK(IFRIC) — Int 9, 'Re-assessment of embedded derivatives'.

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

Relevant to the Group's operations:

- HKAS 23 Amendment, 'Borrowing cost' (effective from January 1, 2009).

- HKFRS 8, 'Operating Segments' (effective from January 1, 2009).

- HK(IFRIC) — Interpretation 11, 'HKFRS 2 — Group and Treasury share transactions' (effective from March 1, 2007).

- HK(IFRIC) — Interpretation 13, 'Customer Loyalty Programmes' (effective from July 1, 2008).

- HK(IFRIC) — Interpretation 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from January 1, 2008).

Not relevant to the Group's operations:

- HKAS 32 and HKAS 1 Amendments, 'Puttable financial instruments and obligations arising on liquidation' (effective from January 1, 2009).

- HK(IFRIC)-Interpretation 12, 'Service concession arrangements' (effective from January 1, 2008).

3. SALES AND SEGMENTAL INFORMATION

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

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, yogurt drinks, ready-to-drink coffee, carbonated drinks, herbal tea and milk powder;

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

— Other products, mainly wine and other food products.

Discontinued Non-core Operations:

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

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

(a) Sales

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

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

(b) Analysis by segments

(i) Primary reporting — business segment

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

	Year ended December 31, 2007					
	Rice crackers *US$'000*	**Snack foods** *US$'000*	**Dairy products and beverages** *US$'000*	**Other products** *US$'000*	**Unallocated** *US$'000*	**Total** *US$'000*
Segment results						
Core Operations:						
Sales	**376,283**	**317,806**	**390,230**	**10,221**	**—**	**1,094,540**
Segment profit/(loss)	**60,830**	**78,753**	**101,983**	**(46)**	**(13,886)**	**227,634**
Finance cost, net						**(1,633)**
Share of results of associated companies						**(330)**
Profit before income tax						**225,671**
Income tax expense						**(23,753)**
Profit for the year from Core Operation						**201,918**
Discontinued Non-core Operations:						
Loss for the year from Discontinued Non-core Operations						**(25,790)**
Profit for the year						**176,128**
Other segment items included in the income statement						
Depreciation of property, plant and equipment	**16,441**	**13,295**	**14,923**	**13,871**	**—**	**58,530**
Amortisation of leasehold land and land use rights	**386**	**385**	**280**	**1,161**	**—**	**2,212**
Depreciation of investment properties	**—**	**—**	**—**	**15**	**—**	**15**
Amortisation of intangible assets	**—**	**—**	**—**	**—**	**190**	**190**
Segment assets and liabilities						
Segment assets of Core Operations	**368,160**	**337,395**	**305,150**	**100,071**	**23,476**	**1,134,252**
Associated companies						**1,158**
Assets of Core Operations and total assets of the Group						**1,135,410**

	Year ended December 31, 2007					
	Rice crackers *US$'000*	**Snack foods** *US$'000*	**Dairy products and beverages** *US$'000*	**Other products** *US$'000*	**Unallocated** *US$'000*	**Total** *US$'000*
Segment liabilities of Core Operations and total liabilities of the Group	**109,079**	**50,197**	**63,943**	**18,789**	**197,883**	**439,891**
Capital expenditure	**28,138**	**24,033**	**26,478**	**111,251**	**130**	**190,030**

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

	Year ended December 31, 2006					
	Rice crackers US$'000	Snack foods US$'000	Dairy products and beverages US$'000	Other products US$'000	Unallocated US$'000	Group US$'000
Segment results						
Core Operations:						
Sales	307,511	257,314	276,754	8,369	—	849,948
Segment profit/(loss)	41,920	57,365	70,863	1,087	(10,993)	160,242
Finance cost, net						(3,264)
Share of results of associated companies						(159)
Profit before income tax						156,819
Income tax expense						(16,292)
Profit for the year from Core Operations						140,527
Discontinued Non-core Operations:						
Loss for the year from Discontinued Non-core Operations						(16,879)
Profit for the year						123,648
Other segment items included in the income statement						
Depreciation of property, plant and equipment	12,915	11,008	10,523	11,243	—	45,689
Amortisation of leasehold land and land use rights	228	234	171	1,089	—	1,722
Depreciation of investment properties	—	—	—	16	—	16
Amortisation of intangible assets	—	—	—	—	173	173

	Year ended December 31, 2006					
	Rice crackers US$'000	Snack foods US$'000	Dairy products and beverages US$'000	Other products US$'000	Unallocated US$'000	Group US$'000
Segment assets and liabilities						
Segment assets of Core Operations	318,006	351,318	231,643	85,601	14,119	1,000,687
Associated companies						239
Assets of Core Operations						1,000,926
Assets of Discontinued Non-core Operations						322,875
Eliminations						(113,515)
Total assets of the Group						1,210,286
Segment liabilities of Core Operations	77,386	50,929	45,289	21,028	207,650	402,282
Liabilities of Discontinued Non-core Operations						162,853
Eliminations						(113,515)
Total liabilities of the Group						451,620
Capital expenditure	19,123	47,553	37,496	35,784	13,265	153,221

(ii) Secondary reporting — geographical segments

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

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

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

4. OTHER GAINS — NET

	2007	2006
	US$'000	*US$'000*
Core Operations		
Net foreign exchange gains	**7,359**	3,256
Gain on disposal of financial assets at fair value through profit or loss	**63**	127
Gain/(loss) on disposal of leasehold land and land use rights and property, plant and equipment, net	**1,137**	(1,076)
Others	**(2,338)**	(1,301)
Total	**6,221**	1,006

5. OTHER INCOME

	2007	2006
	US$'000	*US$'000*
Core Operations		
Government grants	**13,698**	23,234
Sale of scraps	**4,927**	3,525
Rental income	**574**	156
Interest income from Discontinued Non-core Operations	**1,400**	1,423
Others	**2,784**	1,468
Total	**23,383**	29,806

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

6. OPERATING PROFIT

Operating profit is stated after charging the following expenses:

	2007	2006
	US$'000	*US$'000*
Core Operations		
Depreciation of property, plant and equipment	**49,925**	38,839
Amortisation of leasehold land and land use rights	**1,301**	886
Depreciation of investment properties	**15**	16
Amortisation of intangible assets	**190**	173

7. FINANCE INCOME AND COSTS

	2007	2006
	US$'000	*US$'000*
Core Operations		
Finance costs		
— Interest expenses on bank borrowings	**(4,555)**	(4,965)
Finance income		
— Interest income on cash and cash equivalents	**2,922**	1,701
Net finance costs	**(1,633)**	(3,264)

8. INCOME TAX EXPENSE

	2007	2006
	US$'000	*US$'000*
Core Operations		
Current income tax		
— Mainland China	**23,087**	15,929
— Taiwan	**703**	427
— Hong Kong and overseas	**3**	3
	23,793	16,359
Deferred income tax	**(40)**	(67)
	23,753	16,292

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

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

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

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The Company was incorporated on October 3, 2007. The weighted average number of ordinary shares in issue during the years ended December 31, 2007 and 2006 is determined on the assumption that 1,285,514,075 shares issued upon the incorporation of the Company in connection with the Reorganisation had been in issue since January 1, 2006 and the subdivision of number of shares by a multiple of 10 had been effected on January 1, 2006.

	2007	2006
Profit from Core Operations attributable to equity holders of the Company (US$'000)	**201,188**	141,192
Weighted average number of ordinary shares in issue (thousands)	**12,855,141**	12,855,141
Basic earnings per share	**US1.57 cents**	US1.10 cents
Loss from Discontinued Non-core Operations attributable to equity holders of the Company (US$'000)	**(24,440)**	(14,366)
Weighted average number of ordinary shares in issue (thousands)	**12,855,141**	12,855,141
Basic loss per share	**(US0.19 cents)**	(US0.11 cents)
Basic earnings per share for Core Operations and Discontinued Non-core Operations	**US1.38 cents**	US0.99 cents

No diluted earnings per share have been presented as the Company does not have any dilutive potential ordinary shares as at December 31, 2007.

10. DIVIDENDS

A final dividend in respect of the year ended December 31, 2007 of US 0.91 cents per share, amounting to US$120,713,000, is to be proposed for shareholder's approval at the upcoming Annual General Meeting. The dividend payable has not been reflected in the consolidated financial statements as at December 31, 2007.

	2007	2006
	US$'000	*US$'000*
Interim dividend of US$266,304,000 (2006: nil), paid by way of distribution of Discontinued Non-core Operations	**266,304**	—
Proposed final dividend of US2.00 cents per ordinary share of WWHL to its then shareholders	**—**	25,775
Proposed final dividend of US0.91 cents per ordinary share of the Company	**120,713**	—
	387,017	25,775

Proposed final dividend is calculated based on 13,252,722,750 shares in issue as at the date of this announcement, after taking into consideration of new shares issued to the public for the Listing.

11. DISCONTINUED NON-CORE OPERATIONS

In preparation for the Listing, the Company further undertook a reorganisation of its subsidiaries to divest its interests in companies involved in the Discontinued Non-core Operations including hospital, hotel and property businesses and other investments. This divestment occurred through the following steps:

- WWHL established a new wholly-owned subsidiary, San Want Holdings Limited ("San Want"), on May 29, 2007;
- the Company transferred to San Want all of the shareholdings and interests in those of subsidiaries and businesses engaged in the Discontinued Non-core Operations. In the course of this divestment, all assets and liabilities remained with the relevant legal entities which owned such assets or incurred such liabilities;
- the shares held by WWHL in San Want were distributed by way of a dividend in specie on December 31, 2007, to the Company and the other minority shareholders of WWHL in proportion to our and their respective shareholdings in WWHL; and
- upon receiving the shares in San Want as dividend in specie from WWHL, the Company in turn, distributed the shares in San Want by way of dividend in specie to the shareholders of the Company in proportion to their existing shareholding in the Company at such time.

The operating results of the Discontinued Non-core Operations during the year are set out as follows:

		Year ended December 31,	
		2007	2006
		US$'000	*US$'000*
Sales		**12,323**	13,655
Cost of sales		**(7,380)**	(6,937)
Gross profit		**4,943**	6,718
Other loss, net	(a)	**(644)**	(107)
Other income		**2**	44
Selling and distribution expenses		**(7,226)**	(5,919)
Administrative expenses		**(14,351)**	(10,634)
Operating loss	(b)	**(17,276)**	(9,898)
Finance income	(c)	**466**	165
Finance costs	(c)	**(11,173)**	(7,554)
Finance costs — net	(c)	**(10,707)**	(7,389)
Loss before income tax		**(27,983)**	(17,287)
Income tax expense	(d)	**2,193**	408
Loss for the year		**(25,790)**	(16,879)
Attributable to:			
Equity holders of the Company		**(24,440)**	(14,366)
Minority interests		**(1,350)**	(2,513)
		(25,790)	(16,879)

Notes

(a) Other loss, net

	Year ended December 31, **2007** *US$'000*	2006 *US$'000*
Net foreign exchange losses	**(94)**	(92)
Fair value gain on financial assets at fair value through profit or loss	**3**	—
Losses on disposal of property, plant and equipment, net	**(50)**	(161)
Others	**(503)**	146
Total	**(644)**	(107)

(b) Operating loss

Operating loss is state after charging the following expenses:

	Year ended December 31, **2007** *US$'000*	2006 *US$'000*
Depreciation of property, plant and equipment	**8,605**	6,850
Amortisation of leasehold land and land use rights	**911**	836

(c) Finance income and costs

	Year ended December 31, **2007** *US$'000*	2006 *US$'000*
Finance costs		
— Interest expenses on bank borrowings	**(16,576)**	(7,500)
— Interest expenses paid to Core Operations	**(1,400)**	(1,423)
— Less: amount capitalised in		
— property, plant and equipment	**1,282**	1,369
— investment properties	**1,477**	—
— properties under development for sale	**4,044**	—
	(11,173)	(7,554)
Finance Income		
— Interest income on cash and cash equivalents	**466**	165
Net finance costs	**(10,707)**	(7,389)

(d) Income tax expense

	Year ended December 31,	
	2007	2006
	US$'000	*US$'000*
Current income tax		
— Mainland China	**35**	13
— Hong Kong and overseas	**—**	58
	35	71
Deferred income tax	**(2,228)**	(479)
	(2,193)	(408)

The consolidated assets and liabilities of San Want as at December 31, 2007, the date of the distribution, are set out as follows:

	US$'000
Assets	
Leasehold land and land use rights	**41,330**
Property, plant and equipment	**159,764**
Investment properties	**34,668**
Intangible assets	**6,432**
Inventories	**1,461**
Properties under development for sale	**137,291**
Trade receivables	**759**
Prepayments, deposits and other receivables	**13,542**
Financial assets at fair value through profit or loss	**38**
Cash and cash equivalents	**57,206**
Total assets	**452,491**
Liabilities	
Borrowings	**126,201**
Deferred income tax liabilities	**5,468**
Trade payables	**2,834**
Accruals and other payables	**21,657**
Current income tax liabilities	**90**
Borrowings — current	**29,380**
Total liabilities	**185,630**
Minority interests	**557**
Net assets disposed	**266,304**

Following the completion of distribution, neither the Company nor any of its subsidiaries retained any interests in the Discontinued Non-core Operations.

12. TRADE RECEIVABLES — GROUP

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

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

For Discontinued 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, 2007 and 2006 was as follows:

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

13. TRADE PAYABLES — GROUP

	2007	2006
	US$'000	*US$'000*
Core Operations		
Trade payables — to third parties	**79,033**	92,136
Discontinued Non-core Operations		
Trade payables — to third parties	**—**	1,908
	79,033	94,044

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

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

14. CONTINGENCIES — GROUP

	2007	2006
	US$'000	*US$'000*
Loan guarantees provided to related party	**45,100**	—

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

MANAGEMENT DISCUSSION AND ANALYSIS

Basis of Presentation

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

For this reason, our Management Discussion and Analysis will focus on our Core Operations.

Sales

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

Rice crackers

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

Dairy products and beverages

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

Snack foods

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

Cost of sales

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

Gross profit

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

Rice crackers

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

Dairy products and beverages

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

Snack foods

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

Other income

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

Selling and distribution expenses

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

Administrative expenses

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

Operating profit

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

Finance income/(costs)

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

Income tax expenses

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

Profit attributable to our equity holders

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

Liquidity and Capital Resources

Cash and bank borrowings

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

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

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

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

Cashflow

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

Capital Expenditure

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

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

The above capital expenditure is expected to be financed by the net proceeds from the Hong Kong Public Offer and International Placement and internal resources of the Company.

Inventory analysis

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

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

	Year ended December 31,	
Inventory turnover days	**2007**	2006
Total inventories (in US$'000)	**204,243**	169,948
Cost of sales (in US$'000)	**658,074**	529,349
Turnover days	**104**	108

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

Trade receivables

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

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

	Year ended December 31,	
	2007	2006
Turnover of trade receivables (days)	**20**	22

Trade payables

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

	Year ended December 31,	
	2007	2006
Turnover of trade payables (days)	**47**	56

Pledge of Assets

As at December 31, 2007, the properties under development for sale with carrying value of US$16.6 million were pledged to secure certain bank borrowings.

Prospects

The gross domestic product of China continued to rise in 2007, recording a growth of 11.4% over the previous year and the biggest growth over the last thirteen years. Its total retail sales of consumer products have increased at a faster rate of 16.8% over previous year. The Chinese consumers are also expected to enjoy higher affluence as its world biggest economy continues to develop. These developments will be positive to our Group as we target to be the premium market leader in every consumer segments for all our products via our multi-brand strategy.

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

With our strong brand positioning, higher production capacity, enhancement of our distribution network for broader, deeper penetration of our products especially in the second and third-tier cities where rising consumer spending is phenomenal, and effective cost management, we are confident to capitalize on the immense opportunities in China to achieve better performance.

Human Resources and Remuneration of Employees

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

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

SUBSEQUENT EVENTS

Save as disclosed elsewhere in this report, the following significant events took place subsequent to December 31, 2007:

(a) Pursuant to a resolution of the shareholders of the Company dated February 4, 2008, 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; and

(b) On March 26, 2008, the Company completed its global initial Public Offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

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

The Audit Committee comprises all four Independent Non-executive Directors being Mr. Toh David Ka Hock (Chairman), Mr. Pei Kerwei, Mr. Chien Wen-Guey and Mr. Lee Kwang-Chou.

The annual results have been reviewed by the audit committee of the Company.

REMUNERATION COMMITTEE

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

The Remuneration Committee comprises all four Independent Non-executive Directors namely Mr. Toh David Ka Hock (Chairman), Mr. Pei Kerwei, Mr. Chien Wen-Guey and Mr. Lee Kwang-Chou and two Executive Directors , namely Mr. Chu Chi-Wen and Mr. Tsai Shao-Chung.

NOMINATION COMMITTEE

The Nomination Committee was established on February 18, 2008 in compliance with the requirements of the Code. Details of the powers and duties of the Nomination Committee are set out in its terms of reference.

The Nomination Committee comprises three members, of whom three are Independent Non-executive Directors being Mr. Pei Kerwei (Chairman), Mr. Toh David Ka Hock and Mr. Lee

Kwang-Chou, one is Non-executive Director being Mr. Lin Feng-I and one Executive Director being Mr. Tsai Shao-Chung.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures contained in the preliminary announcement of the Group's results for the year have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statement for the year ended December 31, 2007. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance (the "Code") as set out in Appendix 14 to the Listing Rules from the date of listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited on March 26, 2008 (the "Listing") up to the date of this announcement, except for the deviation from provisions A.2.1 and A.4.1 only of the Code. The reasons for these deviations are explained further below.

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

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

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

The Company will periodically review and improve its corporate governance practices with reference to the latest developments in corporate governance.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") regarding directors' securities transactions. The Company has made specific enquiries to all Directors, and all Directors have confirmed that, they were in compliance with the Model Code from the date of listing of the Company up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiaries had purchased, redeemed or sold any of the Company's listed securities from the date of listing of the Company up to the date of this announcement.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on June 3, 2008. The Notice of the Annual General Meeting will be published in the Company's website and sent to the shareholders of the Company in due course.

PROPOSED FINAL DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of US0.91 cents per ordinary share for the year ended December 31, 2007. Subject to the approval of shareholders at the forthcoming annual general meeting. The final dividend will be paid on or about June 16, 2008 to shareholders whose names appear on the register of members of the Company on June 3, 2008. The register of members of the Company will be closed from May 29, 2008 to June 3, 2008. In order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming Annual General Meeting and to qualify for the abovementioned proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on May 28, 2008.

By order of the Board
Want Want China Holdings Limited
TSAI Eng-Meng
Chairman

Hong Kong, April 16, 2008

As at the date of this announcement, the executive Directors are Mr TSAI Eng-Meng, Mr LIAO Ching-Tsun, Mr CHU Chi-Wen, Mr TSAI Shao-Chung, the non-executive Directors are Mr MAKI Haruo, Mr TOMITA Mamoru, Mr LIN Feng-I, Mr CHENG Wen-Hsien, and the independent non-executive Directors are Mr TOH David Ka Hock, Mr PEI Kerwei, Mr CHIEN Wen-Guey and Mr LEE Kwang-Chou.