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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2009

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2009	2008	Change
	(Unaudited)	*(Unaudited)*	*(%)*
Key income statement items (US$'000)			
Revenue	**798,130**	709,436	12.5%
Gross profit	**308,056**	263,982	16.7%
Operating profit	**137,842**	149,753	-8.0%
EBITDA[1]	**162,539**	175,860	-7.6%
Profit attributable to equity holders of the Company	**120,778**	128,983	-6.4%
Key financial ratios (%)			
Gross profit margin	**38.6%**	37.2%	
Operating profit margin	**17.3%**	21.1%	
Margin of profit attributable to equity holders of the Company	**15.1%**	18.2%	

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

- Revenue of the Group increased by 12.5% to US$798.1 million despite the economic downturn and an early arrival of the Chinese New Year in 2009 which resulted in most of the revenue for that period being accounted for and reflected in 2008.
- Gross profit margin improved by 1.4 percentage points to 38.6% as a result of an increase in the average selling price of rice crackers and dairy products and a decrease in the raw material costs.
- Profit attributable to equity holders of the Company decreased slightly from US$129.0 million to US$120.8 million, primarily due to the non-recurring gain of US$5.6 million on disposal of properties under development for sale and the significant net foreign exchange gains of US$17.5 million recorded in the first half of 2008.
- An interim dividend of US0.6 cents per share is declared.

The board (the "Board") of directors (the "Directors") of Want Want China Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended June 30, 2009 together with the comparative figures for the corresponding period of the previous year as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended June 30, 2009

	Note	Unaudited Six months ended June 30, 2009 US$'000	2008 US$'000
Revenue	4	**798,130**	709,436
Cost of sales		**(490,074)**	(445,454)
Gross profit		**308,056**	263,982
Other (losses)/gains – net	5	**(1,984)**	21,311
Other income	6	**13,624**	6,893
Distribution costs		**(114,207)**	(83,656)
Administrative expenses		**(67,647)**	(58,777)
Operating profit		**137,842**	149,753
Finance income		**1,908**	2,411
Finance costs		**(699)**	(3,353)
Share of post-tax profits of associates		**273**	275
Profit before income tax		**139,324**	149,086
Income tax expense	7	**(18,431)**	(19,932)
Profit for the period		**120,893**	129,154
Profit attributable to:			
– Equity holders of the Company		**120,778**	128,983
– Minority interest		**115**	171
		120,893	129,154
Earnings per share for profit attributable to the equity holders of the Company			
– Basic	8	**US0.91 cents**	US0.99 cents
– Diluted	8	**US0.91 cents**	US0.99 cents
Dividends	9	**79,251**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2009

	Unaudited Six months ended June 30,	
	2009	2008
	US$'000	*US$'000*
Profit for the period	**120,893**	129,154
Other comprehensive income		
Fair value gains on available-for-sale financial assets	**241**	–
Currency translation differences	**261**	60,510
Other comprehensive income for the period	**502**	60,510
Total comprehensive income for the period	**121,395**	189,664
Total comprehensive income attributable to:		
– Equity holders of the Company	**121,184**	189,308
– Minority interest	**211**	356
	121,395	189,664

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at June 30, 2009

	Note	**June 30, 2009 Unaudited** *US$'000*	December 31, 2008 Audited *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**583,513**	555,135
Leasehold land and land use rights		**44,476**	44,648
Investment properties		**2,843**	2,866
Intangible assets		**1,241**	1,344
Investments in associates		**2,369**	2,094
Deferred income tax assets		**645**	713
Available-for-sale financial assets		**2,846**	172
Total non-current assets		**637,933**	606,972
Current assets			
Inventories		**234,199**	345,862
Non-current assets held for sale		–	6,885
Trade receivables	10	**54,998**	98,448
Prepayments, deposits and other receivables		**67,582**	82,434
Financial assets at fair value through profit or loss		**292**	294
Cash and cash equivalents		**446,666**	284,210
Total current assets		**803,737**	818,133
Total assets		**1,441,670**	1,425,105

	Note	**June 30, 2009**	December 31, 2008
		Unaudited	Audited
		US$'000	*US$'000*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**264,171**	264,141
Other reserves		**610,238**	667,253
		874,409	931,394
Minority interest		**4,590**	4,479
Total equity		**878,999**	935,873
LIABILITIES			
Non-current liabilities			
Bank loans		**233,000**	165,000
Total non-current liabilities		**233,000**	165,000
Current liabilities			
Trade payables	11	**58,040**	87,769
Accruals and other payables		**205,931**	216,299
Current income tax liabilities		**13,309**	13,300
Bank loans		**47,032**	1,505
Deferred income tax liabilities		**5,359**	5,359
Total current liabilities		**329,671**	324,232
Total liabilities		**562,671**	489,232
Total equity and liabilities		**1,441,670**	1,425,105
Net current assets		**474,066**	493,901
Total assets less current liabilities		**1,111,999**	1,100,873

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2009

	Unaudited Attributable to equity holders of the Company					
	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2008	257,103	(231,925)	665,808	690,986	4,533	695,519
Profit for the period	–	–	128,983	128,983	171	129,154
Other comprehensive income:						
Currency translation differences	–	60,325	–	60,325	185	60,510
Total comprehensive income for the period ended June 30, 2008	–	60,325	128,983	189,308	356	189,664
Issue of shares pursuant to global initial public offering	7,951	141,400	–	149,351	–	149,351
Shares repurchased and cancelled	(711)	(12,758)	–	(13,469)	–	(13,469)
Employee share option scheme						
-value of employee services	–	905	–	905	–	905
Dividends relating to 2007 paid in 2008	–	(120,184)	–	(120,184)	–	(120,184)
Changes in shareholding in minority interest of subsidiaries	–	–	–	–	(549)	(549)
Balance at June 30, 2008	264,343	(162,237)	794,791	896,897	4,340	901,237
Balance at January 1, 2009	**264,141**	**(238,300)**	**905,553**	**931,394**	**4,479**	**935,873**
Profit for the period	**–**	**–**	**120,778**	**120,778**	**115**	**120,893**
Other comprehensive income:						
Fair value gains on available-for-sale financial assets	**–**	**241**	**–**	**241**	**–**	**241**
Currency translation differences	**–**	**165**	**–**	**165**	**96**	**261**
Total comprehensive income for the period ended June 30, 2009	**–**	**406**	**120,778**	**121,184**	**211**	**121,395**
Employee share option scheme						
– value of employee services	**–**	**884**	**–**	**884**	**–**	**884**
– proceeds from shares issued	**30**	**553**	**–**	**583**	**–**	**583**
Dividends relating to 2008 paid in 2009	**–**	**(179,636)**	**–**	**(179,636)**	**–**	**(179,636)**
Changes in shareholding in minority interest of a subsidiary	**–**	**–**	**–**	**–**	**(100)**	**(100)**
Balance at June 30, 2009	**264,171**	**(416,093)**	**1,026,331**	**874,409**	**4,590**	**878,999**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. 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 Group's activities are primarily conducted in the People's Republic of China (the "PRC"), Taiwan and Singapore, and its products are also sold in 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").

This condensed consolidated interim financial information is presented in units of United States dollars (US$), unless otherwise stated and was approved for issue by the Board of Directors on August 24, 2009.

This condensed consolidated interim financial information has not been audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended June 30, 2009 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year began on or after January 1, 2009.

Relevant to the Group:

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities may choose to present either one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement. The Group will make additionally relevant disclosures in its financial statements for the year ending on December 31, 2009.

- HKAS 23 (amendment), 'Borrowing costs'. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. It has no material impact on the Group's financial statements as the Group has already chosen the allowed alternative treatment to capitalise borrowing cost attributable to qualifying assets under the original HKAS 23.

Not relevant to the Group:

- HKFRS 2 (amendment), 'Share-based payment'.
- HKAS 32 (amendment), 'Financial instruments: Presentation'.
- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- HK (IFRIC) 9 (amendment), 'Reassessment of embedded derivatives'.
- HK (IFRIC) 13, 'Customer loyalty programmes'.
- HK (IFRIC) 15, 'Agreements for the construction of real estate'.
- HK (IFRIC) 16, 'Hedges of a net investment in a foreign operation'.

The Group has decided not to adopt the new standards, amendments to standards and interpretations which have been issued but are not effective for the financial year began on January 1, 2009. The Group is assessing the impact of these new standards, amendments to standards and interpretations to the Group.

4. Segment information

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to access performance and allocate resources. Management has determined the operating segments based on their reports.

The Board considers the business from a product perspective. Management assesses the performance of rice crackers, dairy products and beverages, snack foods and other products. The chief operating decision-maker assesses the performance of the operating segments based on a measure of segment profit/(loss).

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

Manufacturing and sale of:

– Rice crackers, including sugar coated crackers, savoury crackers and fried crackers;

– Dairy products and beverages, including flavoured milk, yogurt drinks, ready-to-drink coffee, juice drinks, carbonated drinks, herbal tea and milk powder;

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

– Other products, including mainly wine and other food products.

Over 90% of the Group's revenue and business activities are conducted in the PRC.

The Board assesses the performance of the business segments based on profit before income tax without allocation of finance income/(costs) and share of post-tax profits of associates, which is consistent with that in the financial statements.

The segment information for the six months ended June 30, 2009 is as follow:

	Six months ended June 30, 2009					
	Rice crackers *US$'000*	Dairy products and beverages *US$'000*	Snack foods *US$'000*	Other products *US$'000*	Unallocated *US$'000*	Group *US$'000*
Segment results						
Revenue	**170,313**	**384,089**	**239,894**	**3,834**	**–**	**798,130**
Segment profit/(loss)	**31,780**	**57,048**	**63,801**	**(1,073)**	**(13,714)**	**137,842**
Finance income-net						**1,209**
Share of post-tax profits of asoociates						**273**
Profit before income tax						**139,324**
Income tax expense						**(18,431)**
Profit for the period						**120,893**
Other segment items included in the income statement						
Depreciation of property, plant and equipment	**6,480**	**8,516**	**6,863**	**792**	**1,440**	**24,091**
Amortisation of leasehold land and land use rights	**121**	**123**	**193**	**49**	**16**	**502**
Depreciation of investment properties	**–**	**–**	**–**	**7**	**–**	**7**
Amortisation of intangible assets	**–**	**–**	**–**	**–**	**97**	**97**
Capital expenditure	**9,805**	**16,276**	**15,772**	**11,289**	**–**	**53,142**

The segment assets and liabilities as at June 30, 2009 are as follows:

	June 30, 2009					
	Rice crackers	**Dairy products and beverages**	**Snack foods**	**Other products**	**Unallocated**	**Group**
	US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***	***US$'000***
Segment assets and liabilities						
Segment assets	**421,749**	**467,567**	**436,818**	**80,847**	**32,320**	**1,439,301**
Investments in associates	–	–	–	–	**2,369**	**2,369**
Total assets of the Group	**421,749**	**467,567**	**436,818**	**80,847**	**34,689**	**1,441,670**
Total liabilities of the Group	**145,894**	**78,241**	**45,452**	**11,089**	**281,995**	**562,671**

The segment information for the six months ended June 30, 2008 was as follow:

	Six months ended June 30, 2008					
	Rice crackers	Dairy products and beverages	Snack foods	Other products	Unallocated	Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Segment results						
Revenue	227,085	243,782	232,884	5,685	–	709,436
Segment profit/(loss)	39,245	47,475	66,349	(1,074)	(2,242)	149,753
Finance costs, net						(942)
Share of post-tax profits of associates						275
Profit before income tax						149,086
Income tax expense						(19,932)
Profit for the period						129,154
Other segment items included in the income statement						
Depreciation of property, plant and equipment	7,512	8,662	8,293	322	506	25,295
Amortisation of leasehold land and land use rights	198	242	239	5	15	699
Depreciation of investment properties	–	–	–	8	–	8
Amortisation of intangible assets	–	–	–	–	105	105
Capital expenditure	6,367	23,729	17,713	11,900	–	59,709

The segment assets and liabilities as at December 31, 2008 were as follows:

	December 31, 2008					
	Rice crackers *US$'000*	Dairy products and beverages *US$'000*	Snack foods *US$'000*	Other products *US$'000*	Unallocated *US$'000*	Group *US$'000*
Segment assets and liabilities						
Segment assets	420,857	482,969	392,666	86,323	40,196	1,423,011
Investments in associates	–	–	–	–	2,094	2,094
Total assets of the Group	420,857	482,969	392,666	86,323	42,290	1,425,105
Total liabilities of the Group	161,515	85,162	58,561	15,346	168,648	489,232

5. Other (losses)/gains – net

	Six months ended June 30,	
	2009 ***US$'000***	2008 *US$'000*
Net foreign exchange gains	**1,124**	17,544
Loss on disposal of property, plant and equipment and leasehold land and land use rights, net	**(178)**	(357)
Gain on disposal of properties under development for sale	**–**	5,636
Loss on disposal of non-current assets held for sale	**(17)**	–
Donation expenses	**(3,089)**	(2,413)
Gain on disposal of financial assets at fair value through profit or loss	**23**	–
Others	**153**	901
	(1,984)	21,311

6. Other income

	Six months ended June 30,	
	2009 ***US$'000***	2008 *US$'000*
Government grants	**10,890**	3,397
Sale of scraps	**2,526**	3,179
Rental income	**46**	53
Others	**162**	264
	13,624	6,893

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

7. Income tax expense

	Six months ended June 30,	
	2009	2008
	US$'000	*US$'000*
Current income tax		
– Mainland China	**17,153**	18,734
– Taiwan	**1,278**	1,198
	18,431	19,932

Effective from January 1, 2008, the Company's subsidiaries incorporated in the PRC are required to determine and pay the Corporate Income Tax ("CIT") in accordance with the Corporate Income Tax Law of the PRC (the "New CIT Law") as approved by the National People's Congress on March 16, 2007 and the Detailed Implementations Regulations of the New CIT Law (the "DIR") as approved by the State Council on December 6, 2007. According to the new CIT Law and DIR, effective from January 1, 2008, the income tax rates for both domestic and foreign investment enterprises have been unified at 25%. For enterprises which were established before the publication of the new CIT Law and were entitled to preferential treatments of reduced CIT rates granted by the relevant tax authorities, the new CIT rates will be gradually increased from the preferential rates 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 of 15%, the tax rate would gradually increase to 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 according to the grandfathering rules stipulated in the DIR and related circular. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

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

Enterprises incorporated in Taiwan, Hong Kong and other places (mainly including Singapore, Japan and British Virgin Islands) are subject to income tax at the prevailing rates of 25%, 16.5% and 0% to 30% (2008: 25%,16.5% and 0% to 30%) respectively.

8. Earnings per share

(a) Basic

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 period.

	Six months ended June 30,	
	2009	2008
Profit attributable to equity holders of the Company (US$'000)	**120,778**	128,983
Weighted average number of ordinary shares in issue (thousands)	**13,207,829**	13,048,430
Basic earnings per share	**US0.91 cents**	US0.99 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming the conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised share options.

	Six months ended June 30,	
	2009	2008
Profit attributable to equity holders of the Company (US$'000)	**120,778**	128,983
Weighted average number of ordinary shares in issue (thousands)	**13,207,829**	13,048,430
Adjustments for share options (thousands)	**7,073**	1,264
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**13,214,902**	13,049,694
Diluted earnings per share	**US0.91 cents**	US0.99 cents

9. Dividends

The final dividend in respect of the year ended December 31, 2008 amounted to US$179,636,000 was paid in May 2009.

In addition, an interim dividend of US0.6 cents per share (2008: Nil) was declared by the board of directors on August 24, 2009. It is payable on or about September 25, 2009 to shareholders who are on the register of members of the Company on September 11, 2009. This interim dividend, amounting to US$79,251,000 (2008: Nil), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending December 31, 2009.

10. Trade receivables

	June 30, 2009 *US$'000*	December 31, 2008 *US$'000*
Trade receivables		
– from third parties	**55,496**	98,747
– from related parties	**1,029**	1,045
	56,525	99,792
Less: provision for impairment	**(1,527)**	(1,344)
	54,998	98,448

Most of the Group's sales are on cash-on-delivery basis whereas those made through modern channels are normally on credit terms ranging from 60 to 90 days (2008: 60 to 90 days).

The ageing analysis of trade receivables, before provision for impairment, is as follows:

	June 30, 2009 *US$'000*	December 31, 2008 *US$'000*
Within 60 days	**43,056**	85,729
61-90 days	**10,523**	11,239
91-180 days	**2,078**	2,026
181-365 days	**764**	247
Over 365 days	**104**	551
	56,525	99,792

As at June 30, 2009, trade receivables aged over 90 days amounted to US$2,946,000 (December 31, 2008: US$2,824,000) as presented above were regarded as impaired. The amount of the provision was US$1,527,000 as at June 30, 2009 (December 31, 2008: US$1,344,000). 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.

11. Trade payables

The ageing analysis of the trade payables is as follows:

	June 30, 2009	December 31, 2008
	US$'000	*US$'000*
Within 60 days	**55,106**	79,588
61 to 180 days	**2,534**	7,435
181 to 365 days	**176**	585
Over 365 days	**224**	161
	58,040	87,769

12. Contingent liabilities

The Group did not have contingent liabilities as at June 30, 2009 and December 31, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

As a result of the global financial crisis, the pace of economic growth in China has slowed down in the first half of the year 2009. According to the preliminary information of the National Bureau of Statistics of China, the gross domestic product ("GDP") in the PRC in the first half of 2009 only grew by 7.1% over the same period in the previous year. Despite the economic downturn in China, in particular on its coastal cities, as caused by the global financial crisis, and an early arrival of the Chinese New Year ("CNY") in 2009 which resulted in most of the revenue for that period being accounted for and reflected in 2008, our total revenue for the first half of 2009 amounted to US$798.1 million, an increase of 12.5% as compared with that of the corresponding period in the previous year. The increase was mainly attributable to the strong growth in the dairy products and beverages segment and the favourable market response to our new product "Pocket Juice Drinks", which was launched in the first half of 2009. The three key product segments, namely, rice crackers, dairy products and beverages and snack foods accounted for 21.3%, 48.1%, and 30.1%, respectively of our total revenue. Profit attributable to equity holders of the Company was US$120.8 million, representing a slight decrease of 6.4% as compared with that of the corresponding period in the previous year.

REVENUE

Total revenue of our Group increased by 12.5% from US$709.4 million in the first half of 2008 to US$798.1 million in the first half of 2009, of which the revenue of the dairy products and beverages segment showed the most significant growth of 57.6% as compared with that of the same period in the previous year. The revenue of the snack foods increased slightly by 3.0%, and the revenue of rice crackers retreated 25.0% due to an early arrival of the CNY in 2009.

Rice crackers

Revenue of rice crackers decreased by 25.0% from US$227.1 million in the first half of 2008 to US$170.3 million in the first half of 2009, primarily due to an early arrival of the CNY in 2009 which resulted in most of the revenue for that period being accounted for and reflected in 2008. Revenue of our core brand "Want Want" rice crackers dropped by 18.2% to US$134.9 million in the first half of 2009 as compared to that of the corresponding period in the previous year. For the same reason, revenue of gift packs also recorded a decrease of 35.5% from US$33.3 million in the first half of 2008 to US$21.4 million in the first half of 2009.

Dairy products and beverages

Revenue of our dairy products and beverages grew by 57.6% from US$243.8 million in the first half of 2008 to US$384.1 million in the first half of 2009. In particular, sales volume of 125ml tetra-pak Hot-Kid milk and "O Bubble" yoghurt drinks increased by 43.8% and 95.4% respectively over the same period of the previous year. We have successfully launched our new juice drinks product, "Pocket Juice Drinks", in February 2009. Revenue of this new product accounted for 10.6% of the revenue of dairy products and beverages segment. We plan to launch a series of products for "Pocket Juice Drinks" with different specifications in the future in order to optimize the product mix and expand the drinks market.

Snack foods

Revenue of snack foods increased slightly by 3.0% from US$232.9 million in the first half of 2008 to US$239.9 million in the first half of 2009, of which popsicles and jellies recorded revenue growth of 21.3%; The revenue of candies decreased by 9.4% as compared with that of the corresponding period in the previous year due to an early arrival of the CNY in 2009; Revenue of ball cakes decreased by 9.8% due to the lower sales volume arising from higher selling price of some products. In the future, the Group will continue to expand its sales network and optimize its policies. We believe that the performance of ball cakes will improve in the second half of the year.

COST OF SALES

Cost of sales increased from US$445.5 million in the first half of 2008 to US$490.1 million in the first half of 2009, which was in line with the increase in revenue.

GROSS PROFIT

As gross profit margin increased by 1.4 percentage points from 37.2% in the first half of 2008 to 38.6% in the first half of 2009 due to an increase in the average selling prices of rice crackers and dairy products and the decrease in prices of certain raw materials, such as palm oil and packaging materials, gross profit increased by 16.7% from US$264.0 million in the first half of 2008 to US$308.1 million in the first half of 2009.

Rice crackers

As a result of the pressure on the cost of raw materials in 2008, the average selling price of rice crackers, in particular the deep-fried products, increased significantly in the second half of 2008. Benefiting from the increase in the average selling price, together with a significant decrease in raw material prices in 2009, in particular the palm oil price, and the increase in percentage of the revenue contributed by the higher-margin core brand "Want Want" rice crackers from 72.7% in the first half of the previous year to 79.2% for the period, the gross profit margin of rice crackers increased by 5.8 percentage points to 41.5% in the first half of 2009 as compared to that with that of the first half of 2008.

Dairy products and beverages

Dairy products and beverages recorded an increase in gross profit margin of 1.5 percentage points to 34.0% over the corresponding period in the previous year. The improvement in gross profit margin of dairy products and beverages was the result of higher average selling price of dairy products coupled with the reduction in tetra-pak packaging material costs and the contribution of the higher-margin new product "Pocket Juice Drinks". As the quantity of high-priced milk powder inventory is gradually consumed, the gross profit margin of the dairy products and beverages is expected to improve in the second half of the year.

Snack foods

Snack foods enjoyed the highest gross profit margin among the three key product segments at 44.4%, which was almost the same as compared to that of the corresponding period in the previous year. Gross margin of candies has decreased due to the change of sales mix and the decrease in the utilisation rate while gross profit margin of other products in this segment improved because of a drop in raw material prices.

DISTRIBUTION COSTS

Distribution costs of our Group rose by 36.5% from US$83.7 million in the first half of 2008 to US$114.2 million in the first half of 2009. Amidst the global financial crisis, our Group increased our manpower and financial resources in advertising and promotion campaigns so as to maintain the growth in sales, especially for the newly launched product, "Pocket Juice Drinks", which led to an increase in the advertising and promotion expenses by US$14.4 million to US$ 31.1 million. The salary cost of sales force rose by US$7.9 million to US$31.1 million, which was mainly due to the expansion of sales team and the dramatic increase in the average number of sales staff from 9,000 heads in the first half of 2008 to over 12,000 in the first half of 2009. Transportation expenses to revenue ratio rose slightly, which was mainly due to higher corresponding ratio for the new juice drinks products.

ADMINISTRATIVE EXPENSES

Administrative expenses of our Group increased by 15.1% from US$58.8 million in the first half of 2008 to US$67.6 million in the first half of 2009, of which the amount of write-off for inventory increased by US$11.5 million. The increase in the write-off for inventory was partly due to the write-off of the Hot-Kid milk with green label which was produced prior to the milk scandal in September 2008 but were checked to be free from melamine, and partly due to the write-off of rice crackers recalled after 2009 CNY in order to solve the overstocking issue at distributors' channels and to stabilize the pricing, such that rice crackers gross margin could be sustained.

OPERATING PROFIT

Due to an increase in the distribution costs and the amount of write-off for inventory, our operating profit decreased by 8.0% from US$149.8 million in the first half of 2008 to US$137.8 million in the first half of 2009, and our operating profit margin decreased from 21.1% to 17.3% accordingly.

INCOME TAX

Our income tax decreased from US$19.9 million in the first half of 2008 to US$18.4 million in the first half of 2009, primarily as a result of the decline in profit before tax.

PROFIT ATTRIBUTABLE TO OUR EQUITY HOLDERS

The profit attributable to our equity holders decreased by 6.4% from US$129.0 million in the first half of 2008 to US$120.8 million in the first half of 2009. The margin of profit attributable to our equity holders decreased from 18.2% in the first half of 2008 to 15.1% in the first half of 2009. The decrease was due to the fact that the profit attributable to equity holders of the Company in the first half of 2008 included a one-off gain of US$5.6 million on disposal of properties under development for sale and the significant net foreign exchange gains of US$17.5 million while only a net foreign exchange gains of US$1.1 million was recorded in the first half of 2009. However, if the above effects were to be excluded, the adjusted profit attributable to our equity holders would have grown by 13.1%.

Prospects

According to the preliminary information of the National Bureau of Statistics of China, the gross domestic product ("GDP") in the PRC for the first half of 2009 grew by 7.1% over the previous year. Total retail sales of consumer goods grew by 15.0% over the previous year. The per capita disposable income in urban areas also increased by 9.8%. With the improving global economic environment in the second half of 2009, it is believed that the PRC will be the first country to recover from the impact of financial crisis.

Through the PRC government's policies on promotion of domestic demand, stimulation of consumer spending and increase in the income of the rural population, various consumption stimulating measures were launched successively. Consumer spending continued to climb and income of urban residents grew steadily. It is expected that the scale of retail sales of consumer goods in the second half of this year will continue to expand. The food and beverages industry shows a fair and stable development trend and our Group stands to benefit therefrom.

Following the gradual recovery of the macro-economy of the PRC as well as the gradual consumption of the high priced inventories, such as milk powder, gross profit of our Group for the second half of the year should improve.

In the second half of the year, our Group is committed to the following three tasks: (i) to pursue to enhance its supply chain system, including inventory management; (ii) to commence implementation of the SAP system (a more efficient Enterprise Resources Planning System) in factories; (iii) to continue promoting the project "Delivering Want Want to Villages" and capitalizing on the existing distribution network to introduce new products to the market. Through the implementation of these tasks, our Group should achieve better operating performance in the second half of the year.

LIQUIDITY AND CAPITAL RESOURCES

Cash and bank loans

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

As at June 30, 2009, our bank balances and deposits amounted to US$446.7 million (December 31, 2008: US$284.2 million) representing an increase of 57.2%. Over 90% of our cash was denominated in Renminbi.

Our total bank loans as at June 30, 2009 increased significantly by 68.2% to US$280.0 million (December 31, 2008: US$166.5 million). Over 65% of our bank loans is repayable between 2 to 5 years. More than 92% of our bank loans was denominated in US Dollars.

We were in a net cash position (cash and cash equivalents less total bank loans) of US$166.7 million as at June 30, 2009 (December 31, 2008: US$117.7 million). Cash and cash equivalents less total bank loans balance increased by US$49.0 million as compared with the balance as at December 31, 2008. The gearing ratio (total bank loans divided by total equity excluding minority interest) increased to 32.0% as at June 30, 2009 from 17.9% as at December 31, 2008. We maintain sufficient cash and available banking facilities for our working capital requirements and to capitalize on potentially good investment opportunities in future.

Cash flow

In the first half of 2009, our net cash increased by US$162.5 million, of which, US$276.3 million were generated from our operating activities including a decrease in inventories of US$111.7 million, while US$48.4 million and US$65.5 million were spent on investment and financing activities respectively. Net cash outflows from investment were mainly related to the expansion of production facilities and the purchase of property, plant and equipment.

Capital expenditure

For the year 2009, we have budgeted US$108.5 million for capital expenditure, mainly for use as capital expenditure to increase production capacity and additional facilities for information and storage in the factories.

During the first half of 2009, our total capital expenditure amounted to US$53.1 million (first half of 2008: US$59.7 million). We spent approximately US$9.8 million, US$16.3 million and US$15.8 million on the addition to factory buildings and facilities for rice crackers, dairy products and beverages and snack foods respectively so as to further enhance our production capacity. The remaining amount was spent on capital expenditure on packaging facilities, sales offices etc.

The above capital expenditure was financed by bank loans and our internally generated cash flows.

Inventory analysis

Our inventory 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 number of our inventory turnover days as at June 30, 2009 and December 31, 2008:

	June 30, 2009	December 31, 2008
Inventory turnover days	**107**	105

Trade receivables

Our trade receivables represent the receivables from our customers. The terms of credit granted to our customers are usually 60 to 90 days. Most of our revenue in the PRC are on cash-on-delivery basis. We only grant credit to customers in our modern sales channels, which then on-sell our products to end-consumers.

The following table sets forth the number of our trade receivables turnover days as at June 30, 2009 and December 31, 2008:

	June 30, 2009	December 31, 2008
Trade receivables turnover days	**17**	19

Trade payables

Our trade payables 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 taking delivery of goods and receipt of invoices.

The following table sets forth the number of our trade payables turnover days as at June 30, 2009 and Decemer 31, 2008:

	June 30, 2009	December 31, 2008
Trade payables turnover days	**27**	32

Pledge of assets

As at June 30, 2009, none of our assets was pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As at June 30, 2009, we had approximately 38,400 employees and total remuneration for the first half of 2009 was US$86.8 million. The remuneration package of our employees includes fixed salary, commissions and allowances (where applicable), and revenue-based rewards. Some Directors and senior management staff of the Company were granted share options under our pre-IPO share option scheme. The employee share option scheme has been put in place for the Company to incentivise employees, and to encourage them to work towards enhancing the value of our Company and promoting the long-term growth of our Company.

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

AUDIT COMMITTEE

The Audit Committee was established on February 18, 2008 to review and oversee the Group's financial reporting, internal control and risk management systems. It comprises four independent non-executive Directors namely Mr. Toh David Ka Hock (chairman), Dr. Pei Kerwei, Mr. Chien Wen-Guey and Mr. Lee Kwang-Chou.

The unaudited interim financial statements of the Group for the six months ended June 30, 2009 have been reviewed by the Audit Committee and PricewaterhouseCoopers, the external auditor of the Company, in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the requirements of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended June 30, 2009, except for the deviations from provisions A.2.1 and A.4.1 of the Code. The reasons for these deviations are explained below.

Provision A.2.1 of the Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same person. The Company deviates from this provision because Mr. Tsai Eng-Meng performs both the roles of Chairman and Chief Executive Officer. Mr. Tsai is the founder of the Group and has over 30 years of experience in food and beverages industry. Given the current stage of development of the Group, the Board believes that vesting the two roles in the same person provides the Group 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 the prevailing circumstances.

Provision A.4.1 of the Code provides 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 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 each 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 that of the Code.

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 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 during the six months ended June 30, 2009.

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

During the six months ended June 30, 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend of US0.6 cents per ordinary share of the Company for the period ended June 30, 2009. The interim dividend will be paid on or about September 25, 2009 to shareholders whose names appear on the register of members of the Company on September 11, 2009. The register of members of the Company will be closed from September 8, 2009 to September 11, 2009 (both days inclusive). In order to qualify for entitlement to the interim 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 Rooms 1712–1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on September 7, 2009.

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

Hong Kong, August 24, 2009

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