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 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2009	2008	Change
Key income statement items	***US$'000***	*US$'000*	*%*
Revenue	**1,710,854**	1,553,868	+10.1%
Gross profit	**692,163**	596,510	+16.0%
Operating profit	**355,940**	306,630	+16.1%
EBITDA [1]	**407,892**	351,964	+15.9%
Profit attributable to equity holders of the Company	**312,628**	262,656	+19.0%
Key financial ratios	**%**	%	**%** point
Gross profit margin	**40.5%**	38.4%	+2.1
Operating profit margin	**20.8%**	19.7%	+1.1
Margin of profit attributable to equity holders	**18.3%**	16.9%	+1.4

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

- Revenue of the Group increased by 10.1% to US$1,710.9 million in 2009. Revenue of dairy products and beverages recorded a robust growth of 48.9% over the previous year due to the recovery of the dairy market demand in the PRC, successful launch of new product "pocket-convenient beverages" and further business penetration of the rural markets.
- Gross profit margin improved by 2.1 percentage points to 40.5% as a result of the lower raw material costs and higher average selling prices of certain core products. Gross profit margins for the year 2009 for rice crackers, dairy products and beverages and snack foods segments were 44.1%, 36.0% and 45.5% respectively.
- Profit attributable to equity holders of the Company increased by 19.0% to US$312.6 million.
- Inventory balance as at 31 December 2009 decreased by US$122.9 million as compared with the balance as at 31 December 2008, indicating measures taken by management to enhance sales-and-production coordination, strengthen the supply chain system and implement a more stringent inventory management have taken effect.
- The Company proposed a final dividend of US1.50 cents per share, subject to the shareholders' approval at the forthcoming annual general meeting to be held on 28 April 2010.

The board (the "Board") of directors (the "Directors") of Want Want China Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2009	2008
		US$'000	*US$'000*
Revenue	*3*	**1,710,854**	1,553,868
Cost of sales		**(1,018,691)**	(957,358)
Gross profit		**692,163**	596,510
Other (losses)/gains – net	*4*	**(52)**	16,560
Other income	*5*	**39,573**	22,997
Distribution costs		**(222,595)**	(202,131)
Administrative expenses		**(153,149)**	(127,306)
Operating profit		**355,940**	306,630
Finance income		**6,456**	6,125
Finance costs		**(2,730)**	(3,775)
Finance income – net		**3,726**	2,350
Share of profits of associates		**406**	878
Profit before income tax		**360,072**	309,858
Income tax expense	*6*	**(46,898)**	(46,856)
Profit for the year		**313,174**	263,002
Profit attributable to:			
Equity holders of the Company		**312,628**	262,656
Minority interests		**546**	346
		313,174	263,002
Earnings per share from profit attributable to the equity holders of the company during the year			
Basic earnings per share	*7*	**US2.37 cents**	US2.00 cents
Diluted earnings per share	*7*	**US2.37 cents**	US2.00 cents
Dividends	*8*	**277,204**	259,220

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2009	2008
	US$'000	*US$'000*
Profit for the year	**313,174**	263,002
Other comprehensive income:		
Fair value gains/(losses) on available-for-sale financial assets	**364**	(480)
Currency translation differences	**1,509**	45,445
Other comprehensive income for the year	**1,873**	44,965
Total comprehensive income for the year	**315,047**	307,967
Attributable to:		
– Equity holders of the Company	**314,415**	307,472
– Minority interests	**632**	495
	315,047	307,967

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	**2009**	2008
		US$'000	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**623,883**	555,135
Leasehold land and land use rights		**48,745**	44,648
Investment properties		**2,900**	2,866
Intangible assets		**905**	1,344
Investments in associates		**2,529**	2,094
Deferred income tax assets		**611**	713
Available-for-sale financial assets		**2,969**	172
		682,542	606,972
Current assets			
Inventories		**222,954**	345,862
Non-current assets held for sale		–	6,885
Trade receivables	*9*	**73,132**	98,448
Prepayments, deposits and other receivables		**73,860**	82,434
Financial assets at fair value through profit or loss		**548**	294
Cash and cash equivalents		**705,106**	284,210
		1,075,600	818,133
Total assets		**1,758,142**	1,425,105

	Note	As at 31 December 2009 US$'000	2008 US$'000
EQUITY			
Equity attributable to owners of the parent			
Share capital		**264,171**	264,141
Reserves			
– Proposed final dividend	*8*	**197,953**	180,000
– Others		**526,311**	487,253
		988,435	931,394
Minority interest		**4,591**	4,479
Total equity		**993,026**	935,873
LIABILITIES			
Non-current liabilities			
Borrowings		**140,000**	165,000
		140,000	165,000
Current liabilities			
Trade payables	*10*	**108,671**	87,769
Accruals and other payables		**274,417**	216,299
Current income tax liabilities		**17,207**	13,300
Borrowings		**216,662**	1,505
Deferred income tax liabilities		**8,159**	5,359
		625,116	324,232
Total liabilities		**765,116**	489,232
Total equity and liabilities		**1,758,142**	1,425,105
Net current assets		**450,484**	493,901
Total assets less current liabilities		**1,133,026**	1,100,873

Notes:

1. GENERAL INFORMATION

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, Singapore and Hong Kong, and its products are also sold to South-East Asia countries, the United States and Europe.

The Company was incorporated in the Cayman Islands on 3 October 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's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 26 March 2008 ("the Listing").

These financial statements are presented in United States dollars (US$), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 8 March 2010.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group 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.

Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The Group has adopted the following new and amended HKFRS as of 1 January 2009:

- HKFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. 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 in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKFRS 2 (amendment) ‘Share-based payment’-effective 1 January 2009. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have a material impact on the Group’s or Company’s financial statements.

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This change in accounting policy is due to the adoption of HKAS 23 Borrowing costs (2007) in accordance with the transition provisions of the standard; and therefore comparative figures have not been restated. The change in accounting policy had 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.

- HKFRS 8, ‘Operating segments’-effective 1 January 2009. HKFRS 8 replaces HKAS 14 ‘Segment reporting’ and aligns segment reporting with the requirements of the US standard SFAS 131 ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. It has no material impact on the Group’s financial statements as the present operating segments have been identified on the basis of internal reports reviewed by decision maker.

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

The following standards and amendments to existing standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- HK (IFRIC) 17 ‘Distribution of non-cash assets to owners’-effective from 1 July 2009.

- HKAS 27 (revised) ‘Consolidated and separate financial statements’-effective from 1 July 2009.

- HKFRS 3 (revised) ‘Business combinations’-effective from 1 July 2009.

- HKAS 38 (amendment) ‘Intangible Assets’-effective from 1 July 2009.

- HKFRS 5 (amendment) ‘Measurement of non-current assets (or disposal groups) classified as held for sale’. The amendment is part of the HKICPA’s annual improvements project published in May 2009.

- HKAS 1 (amendment) ‘Presentation of financial statements’. The amendment is part of the HKICPA’s annual improvements project published in May 2009.

- HKFRS 2 (amendments) ‘Group cash-settled share-based payment transactions’-effective from 1 January 2010.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these 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 or 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 profits of associates, which is consistent with that in the financial statements.

The revenue of the Group for the year ended 31 December 2009 and 2008 are set out as follows:

	2009	2008
	US$'000	*US$'000*
Rice crackers	**467,951**	561,109
Dairy products and beverages	**797,658**	535,840
Snack foods	**435,310**	448,070
Other products	**9,935**	8,849
Total revenue	**1,710,854**	1,553,868

The segment information for the year ended 31 December 2009 is as follows:

	Year ended 31 December 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	**467,951**	**797,658**	**435,310**	**9,935**	**–**	**1,710,854**
Segment profit/(loss)	**114,774**	**146,757**	**120,898**	**(2,123)**	**(24,366)**	**355,940**
Finance income – net						**3,726**
Share of profits of associates						**406**
Profit before income tax						**360,072**
Income tax expense						**(46,898)**
Profit for the year						**313,174**
Other segment items included in the income statement						
Depreciation of property, plant and equipment	**13,257**	**18,483**	**14,092**	**1,671**	**2,951**	**50,454**
Amortisation of leasehold land and land use rights	**250**	**284**	**362**	**93**	**31**	**1,020**
Depreciation of investment properties	**–**	**–**	**–**	**15**	**–**	**15**
Amortisation of intangible assets	**–**	**–**	**–**	**–**	**463**	**463**
Capital expenditure	**13,361**	**54,246**	**37,566**	**20,890**	**687**	**126,750**

The segment assets and liabilities as at 31 December 2009 are as follows:

	31 December 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 assets and liabilities						
Segment assets	**497,509**	**634,288**	**500,169**	**89,712**	**33,935**	**1,755,613**
Investments in associates						**2,529**
Total assets						**1,758,142**
Total liabilities	**189,100**	**117,759**	**87,290**	**11,852**	**359,115**	**765,116**

The segment information for the year ended 31 December 2008 is as follows:

	Year ended 31 December 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 results						
Revenue	561,109	535,840	448,070	8,849	–	1,553,868
Segment profit/(loss)	113,500	92,437	115,118	(1,299)	(13,126)	306,630
Finance income – net						2,350
Share of profits of associates						878
Profit before income tax						309,858
Income tax expense						(46,856)
Profit for the year						263,002
Other segment items included in the income statement						
Depreciation of property, plant and equipment	14,151	13,872	12,151	1,456	2,352	43,982
Amortisation of leasehold land and land use rights	396	397	332	9	–	1,134
Depreciation of investment properties	–	–	–	16	–	16
Amortisation of intangible assets	–	–	–	–	202	202
Capital expenditure	16,842	49,390	37,953	14,583	6,746	125,514

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

	31 December 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
Total assets						1,425,105
Total liabilities	161,515	85,162	58,561	15,346	168,648	489,232

4. OTHER (LOSSES)/GAINS – NET

	2009	2008
	US$'000	*US$'000*
Net foreign exchange gains	**1,260**	13,954
Gains on sale of financial assets at fair value through profit or loss	**5**	101
Fair value losses on the financial assets at fair value through profit or loss	**–**	(398)
Gains/(losses) on sale of property, plant and equipment, leasehold land and land use rights and intangible assets, net	**1,521**	(755)
Gains on sale of properties under development for sale	**–**	5,790
Losses on sale of investment properties	**–**	(138)
Impairment charge of property, plant and equipment	**–**	(609)
Losses on sale of non-current assets held for sale	**(17)**	–
Donation expenses	**(3,712)**	(2,758)
Others	**891**	1,373
Total	**(52)**	16,560

5. OTHER INCOME

	2009	2008
	US$'000	*US$'000*
Government grants	**32,560**	15,058
Sale of scraps	**6,108**	7,271
Rental income	**97**	101
Others	**808**	567
Total	**39,573**	22,997

The government grants represent subsidy income received from various government authorities as incentives to certain subsidiaries of the Group in the PRC.

6. INCOME TAX EXPENSE

	2009	2008
	US$'000	*US$'000*
Current tax:		
Current tax on profits for the year	**42,097**	41,497
Deferred tax:		
Origination of temporary differences	**4,912**	5,359
Impact of change in the Taiwan tax rate	**(111)**	–
Total deferred tax	**4,801**	5,359
Income tax expense	**46,898**	46,856

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

Effective from 1 January 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 16 March 2007 and Detailed Implementations Regulations of the New CIT Law (the "DIR") as approved by the State Council on 6 December 2007. According to the new CIT Law and DIR, the income tax rates for both domestic and foreign investment enterprises have been unified at 25% effective from 1 January 2008. 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 relevant tax authorities, the new CIT rate will be gradually increased from the preferential rates to 25% within 5 years after the effective date of the new CIT Law on 1 January 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 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.

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.

7. 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 year.

	2009	2008
Profit attributable to equity holders of the Company *(US$'000)*	**312,628**	262,656
Weighted average number of ordinary shares in issue *(thousands)*	**13,208,189**	13,130,172
Basic earnings per share	**US2.37 cents**	US2.00 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.

	2009	2008
Profit attributable to equity holders of the Company *(US$'000)*	**312,628**	262,656
Weighted average number of ordinary shares in issue *(thousands)*	**13,208,189**	13,130,172
Adjustments for share options *(thousands)*	**8,301**	802
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**13,216,490**	13,130,974
Diluted earnings per share	**US2.37 cents**	US2.00 cents

8. DIVIDENDS

On 8 March 2010, the Directors recommend the payment of a final dividend of US1.50 cents (2008: US1.36 cents) per ordinary share, totalling US$197,953,000 (2008: US$180,000,000) for the year ended 31 December 2009. The proposed final dividend in respect of the year ended 31 December 2009 is calculated based on 13,196,844,457 shares in issue as at the date of this announcement. Such dividend is to be approved by the shareholders at the Company's forthcoming Annual General Meeting. The financial statements do not reflect this dividend payable.

	2009	2008
	US$'000	*US$'000*
Interim dividend of US0.6 (2008: US0.6) cents per ordinary share	**79,251**	79,220
Proposed final dividend of US1.50 cents (2008: US1.36 cents) per ordinary share	**197,953**	180,000
	277,204	259,220

The dividends paid in 2009 amounted to US$258,888,000 (2008: US$199,933,000), comprising the final dividend for the year ended 31 December 2008 of US$179,637,000 and the interim dividend for the six months ended 30 June 2009 of US$79,251,000, which were paid in May and September 2009 respectively, based on the exchange rates effected on the dates of payments. The aggregate amounts of the dividends paid and proposed during 2009 and 2008 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

9. TRADE RECEIVABLES

	2009	2008
	US$'000	*US$'000*
Trade receivables		
– from third parties	**74,141**	98,747
– from a related party	**1,118**	1,045
	75,259	99,792
Less: provision for impairment of trade receivables	**(2,127)**	(1,344)
Trade receivables, net	**73,132**	98,448

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

As at 31 December 2009 and 2008, the aging analysis of the trade receivables is as follows:

	2009	2008
	US$'000	*US$'000*
Trade receivables, gross		
– within 60 days	**67,021**	85,729
– 61 – 90 days	**4,414**	11,239
– 91 – 180 days	**2,899**	2,026
– 181 – 365 days	**86**	247
– Over 365 days	**839**	551
	75,259	99,792

As at 31 December 2009, trade receivables aged over 90 days amounted to US$3,824,000 (2008: US$2,824,000) which were regarded as impaired, and the related amount of provision was US$2,127,000 (2008: US$1,344,000). The individually impaired receivables mainly relate to customers with different credit ratings. It is assessed that a portion of the receivables is expected to be recovered.

10. TRADE PAYABLES

	2009	2008
	US$'000	*US$'000*
Trade payables – to third parties	**108,671**	87,769

The ageing analysis of the trade payables as at 31 December 2009 and 2008 is as follows:

	2009	2008
	US$'000	*US$'000*
Within 60 days	**102,904**	79,588
61 to 180 days	**5,582**	7,435
181 to 365 days	**1**	585
Over 365 days	**184**	161
	108,671	87,769

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

Our Group attained a total revenue of US$1,710.9 million for the year 2009, representing an increase of 10.1% over the previous year. Rice crackers, dairy products and beverages and snack foods accounted for 27.4%, 46.6% and 25.4% of the total revenue of our Group respectively. Profit attributable to equity holders of the Company increased by 19.0% to US$312.6 million.

REVENUE

Our total revenue increased by 10.1% from US$1,553.9 million in 2008 to US$1,710.9 million in 2009. Due to the early arrival of the Chinese New Year in 2009 and as a result of the restructuring of distribution channels in the urban cities, revenue of rice crackers and snack foods dropped by 16.6% and 2.8% respectively as compared with those of the previous year, while revenue of dairy products and beverages increased significantly by 48.9% due to the recovery of dairy market demand, successful launch of new product "pocket-convenient beverages" and further business penetration of the rural markets attributable to the success of the "delivering Want Want to villages" project.

Rice Crackers

Revenue of rice crackers decreased by 16.6% from US$561.1 million in 2008 to US$468.0 million in 2009. Revenue of our core brand "Want Want" rice crackers decreased by 15.9% from US$372.7 million in 2008 to US$313.5 million in 2009 which accounted for 67.0% of the revenue for rice crackers segment. Revenue of gift packs which accounted for 26.5% of the revenue of rice crackers segment, decreased by 10.4% from US$ 138.4 million in 2008 to US$124.0 million in 2009, which decrease was entirely attributable to the different timing of the Chinese New Year in 2009 and 2010. In fact, revenue of gift packs recorded a growth of approximately 10% during the entire Chinese New Year period year-on-year. The management believes that the sales of rice crackers products will restore its growth momentum in 2010.

Dairy products and beverages

Revenue of dairy products and beverages grew by 48.9% from US$535.8 million in 2008 to US$797.7 million in 2009, of which, dairy products accounted for 84.6% of the revenue in this segment. Sales volume and revenue of dairy products grew by 40.5% and 41.9% respectively. Revenue of 125ml tetra-pack Hot-Kid milk achieved a 54.8% growth over the previous year. We successfully launched our new juice drinks product, "pocket-convenient beverages", in February 2009. Revenue of this new product accounted for 8.1% of the revenue of dairy products and beverages segment. In 2010, we plan to launch a series of "pocket-convenient beverages" with different flavours and specifications in order to further optimize our product mix and expand our presence in the beverages market.

Snack foods

Revenue of snack foods decreased slightly by 2.8% from US$448.1 million in 2008 to US$435.3 million in 2009 as revenue of candies was adversely affected by a weaker demand in southern and eastern China, our major markets for candies, as the economy in these export-oriented regions was badly affected by the global financial crisis. However, popsicles and jellies recorded a revenue growth of 13.8% over the previous year. In view of the economic recovery, the management believes that the sales of snack foods will return to an upward track in 2010.

COST OF SALES

Cost of sales increased from US$957.4 million in 2008 to US$1,018.7 million in 2009, which was in line with the increase in revenue.

GROSS PROFIT

Due to the decrease in prices of certain raw materials, such as milk powder, palm oil, potato starch and packaging materials, as well as the increase in average selling prices of certain core products, our overall gross profit margin increased by 2.1 percentage points from 38.4% in 2008 to 40.5% in 2009 and our gross profit increased by 16.0% from US$596.5 million in 2008 to US$692.2 million in 2009.

Rice crackers

Gross profit margin of rice crackers increased by 4.4 percentage points to 44.1% in 2009 as compared with that of 2008. As a result of the increase in the average selling prices of certain rice crackers products and improvement in the product mix of rice crackers, the gross profit margin of rice crackers increased by approximately 2.5 percentage points. In addition, the combined effect of the significant decrease in the price of palm oil and the increase in the price of rice in 2009 accounted for approximately 1.5 percentage points increase in the gross profit margin of rice crackers.

Dairy products and beverages

The gross profit margin of dairy products and beverages increased by 3.0 percentage points to 36.0% as compared with that of 2008, which was mainly attributable to the decrease in the procurement cost of milk powder in the second half of 2009. As described in the 2009 interim report, as the quantity of expensive milk powder inventory was gradually consumed, the gross profit margin of the dairy products and beverages in the second half of 2009 improved by 4.4 percentage points as compared with that of the corresponding period in the previous year.

Snack foods

The gross profit margin of snack foods increased by 1.9 percentage points to 45.5% as compared with that of 2008, which was mainly attributable to the decrease in the prices of certain raw materials. The gross profit margin of snack foods in the first half of 2009 was comparable to that of the same period in the previous year. However, the gross profit margin of snack foods in the second half of 2009 achieved a significant growth of 4.1 percentage points as compared with that of the corresponding period in the previous year due to the decrease in the price of raw materials and the effect from optimization of product mix.

DISTRIBUTION COSTS

Our distribution costs increased by 10.1% from US$202.1 million in 2008 to US$222.6 million in 2009. Of which, advertising and promotion expenses increased by US$12.1 million or 28.1% to US$55.2 million in 2009. Advertising and promotion expenses to revenue ratio increased from 2.8% in 2008 to 3.2% in 2009 as a result of our increased investment in advertising and promotional activities on launching of new products such as "pocket-convenient beverages", and in stimulating sales in order to restore the growth in sales of our products. However, this was offset by a decrease in transportation costs to revenue ratio by 0.4 percentage point to 4.9% due to a decrease in transportation charges and improved supply chain resulting in maintaining the overall distribution costs for 2009 at 13.0% of the revenue which is the same ratio as that for 2008.

ADMINISTRATIVE EXPENSES

Administrative expenses of our Group increased by 20.3% or US$25.8 million to US$153.1 million in 2009, of which, the amount of write-off for inventory increased by US$20.2 million. There were three major reasons for the increase in the write-off for inventory: first, it was due to the write-off of the Hot-Kid milk with green label which was produced prior to the milk scandal in the PRC in September 2008 but was later confirmed to be free from melamine; secondly, it was due to the write-off of rice crackers recalled after 2009 Chinese New Year in order to resolve the overstocking issue at distributors' channels and to stabilize pricing, so that the profitability of rice crackers could be sustained; and finally, it was due to the write-off of small amount of recalled products with relatively older production dates as a result of the restructuring of distribution channels in the urban cities. If the effect of write-off were to be excluded, the overall administrative expenses would have accounted for 7.3% of the revenue, which would have been 0.4 percentage point lower than that of the previous year.

OPERATING PROFIT

Our operating profit increased by 16.1% from US$306.6 million in 2008 to US$355.9 million in 2009. Our operating profit margin increased from 19.7% to 20.8% accordingly, mainly benefited from the increase in gross profit margin in the second half of 2009 and the effective expense management.

INCOME TAX EXPENSE

In 2009, our income tax expense was US$46.9 million based on a rate of 13.0%, which represented 2.1 percentage points decrease as compared with 15.1% in the previous year. The decrease was attributable to the tax holiday enjoyed by most of the production plants of our diary products and beverages.

PROFIT ATTRIBUTABLE TO OUR EQUITY HOLDERS

The profit attributable to our equity holders in 2009 increased by 19.0% from US$262.7 million in 2008 to US$312.6 million. The margin of profit attributable to our equity holders increased from 16.9% in 2008 to 18.3% in 2009. The profit attributable to equity holders of the Company in 2008 included a one-off gain of US$5.8 million on disposal of properties under development for sale and the significant net foreign exchange gains of US$14.0 million. In comparison, only a net foreign exchange gain amounted to US$1.3 million was recorded in 2009. Thus, if the above effects were to be excluded, the adjusted profit attributable to our equity holders would have grown by 28.2%.

LIQUIDITY AND CAPITAL RESOURCES

Cash and borrowings

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

As at 31 December 2009, our bank balances and deposits amounted to US$705.1 million (31 December 2008: US$284.2 million), representing an increase of US$420.9 million. Over 95% of our cash was denominated in Renminbi.

Our total borrowings as at 31 December 2009 increased by US$190.2 million to US$356.7 million (31 December 2008: US$166.5 million). More than 95% of our borrowings was denominated in US Dollars.

We were in a net cash position (cash and cash equivalents less total borrowings) of US$348.4 million as at 31 December 2009 (31 December 2008: US$117.7 million). Cash and cash equivalents less total borrowings balance increased by US$230.7 million as compared with the balance as at 31 December 2008. Improved management of major inventory lowered the inventory balance and generated a cash inflow of US$91.8 million. The gearing ratio (total borrowings divided by total equity excluding minority interest) increased to 36.1% as at 31 December 2009 from 17.9% as at 31 December 2008. We maintain sufficient cash and available banking facilities for our working capital requirements and to capitalize on potentially good investment opportunities in the future.

Cash flow

In 2009, our net cash increased by US$420.9 million. Net cash generated from our operating activities was US$600.1 million and net cash spent on investing and financing activities were US$111.3 million and US$68.6 million respectively. Net cash outflows on investing activities were mainly related to the expansion of production facilities and the purchase of property, plant and equipment.

Capital expenditure

For the year 2010, we have budgeted US$145.0 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 year 2009, our total capital expenditure amounted to US$126.8 million (2008: US$125.5 million). We spent approximately US$13.4 million, US$54.2 million and US$37.6 million on the additions 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, information system etc.

The above capital expenditure was mostly financed by 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 inventory turnover days for the year ended 31 December 2009 and 31 December 2008:

	Year ended 31 December	
	2009	2008
Inventory turnover days	**102**	105

In 2009, the management implemented a number of measures to strengthen the supply chain and the coordination mechanism between production and sales. In addition, as expensive milk powder was consumed gradually and inventory reduced by US$122.9 million, inventory turnover days for 2009 reduced by 3 days as compared with that for 2008. If the number of inventory turnover days were calculated by averaging the monthly numbers, inventory turnover days for 2009 would have been 97 days only, which would have been 6 days fewer than that for 2008.

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 sales in the PRC are on cash-on-delivery basis. We only grant credit to customers in our modern sales channel, which then on-sell our products to end-consumers.

The following table sets forth the number of our trade receivables turnover days for the year ended 31 December 2009 and 31 December 2008:

	Year ended 31 December	
	2009	2008
Trade receivables turnover days	**18**	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 receipt of goods and invoices.

The following table sets forth the number of our trade payables turnover days for the year ended 31 December 2009 and 31 December 2008:

	Year ended 31 December	
	2009	2008
Trade payables turnover days	**35**	32

Pledge of assets

As at 31 December 2009, none of our assets was pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As at 31 December 2009, we had approximately 45,000 employees and total remuneration for the year 2009 was US$192.7 million. The remuneration package of our employees includes fixed salary, commissions and allowances (where applicable), and sales-based rewards. Some Directors and senior management staff were granted share options under our pre-initial public offering 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 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 frequently provided to the relevant staff as and when required.

PROSPECTS FOR 2010

The Group believes that the most valuable brands in the world are located in the PRC, which is the world's largest consumer market. The popularity of our Want Want brand and the unique features of our products have made Want Want an outstanding brand in the industry with an irreplaceable position in the hearts of the PRC consumers. To further expand our market share in the PRC and maintain our leading position, the Group will undertake the following tasks in the coming year:

First, we will introduce a "Network Strengthening Program" in 2010 for thorough and effective consolidation of customer resources in the first-tier and second-tier cities by entering into exclusive distribution contracts with selected premium customers to define more clearly the respective rights and obligations of each party and to achieve a win-win solution. We hope we can further deepen and widen the brand image of Want Want and extend the customer base of our unique products through the effective consolidation of our customer, product, human, marketing and network resources.

Secondly, after three years of effort and development, our "delivering Want Want to villages" project has achieved satisfactory results. We set up a website for our distributors at the end of last year, through which we are able to maintain closer contact with our customers in some 1,500 counties all over the country. In the coming year, the Group will progressively sub-divide its business operation in terms of products in those large county markets and deliver our quality Want Want products to every village all over the PRC with the help of more than 3,000 dedicated Want Want sales representatives and delivery trucks.

Finally, the Group successfully launched "pocket-convenient beverages" in 2009 which have won customers' preference due to the product's accurately targeted and distinguished package features. In 2010, we will leverage on our continued success and launch a series of unique beverages and non-deep-fried rice noodles with an aim to achieving even greater outstanding results for the Group. The Group believes that if Want Want beverages can capture a reasonable market share in the coming year, Want Want will secure an invincible position in the PRC food and beverage industry.

AUDIT COMMITTEE

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

The Audit Committee comprises all 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 annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 18 February 2008 in compliance with the requirements of the Code. Details of the duties and responsibilities 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 we can recruit, retain and motivate high quality personnel, who are essential to the success of our Group.

The Remuneration Committee comprises all four independent non-executive Directors namely Mr. Toh David Ka Hock (Chairman), Dr. Pei Kerwei, Mr. Chien Wen-Guey and Mr. Lee Kwang-Chou, one non-executive Director, Mr. Tsai Shao-Chung, and one executive Director, Mr. Chu Chi-Wen.

NOMINATION COMMITTEE

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

The Nomination Committee comprises three independent non-executive Directors namely Dr. Pei Kerwei (Chairman), Mr. Toh David Ka Hock and Mr. Lee Kwang-Chou and two non-executive Directors namely Mr. Lin Feng-I and 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 31 December 2009. 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

For the year ended 31 December 2009, the Company has complied with the Code, except for the deviation from provisions A.2.1 and A.4.1 only 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. Our 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 our Group and has over 30 years of experience in the food and beverages industry. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategies. We 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 our Company provide that all our Directors are subject to retirement by rotation at least once every three years and at each annual general meeting, one-third of our 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 our 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.

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 Listing Rules regarding directors' securities transactions. The Company has obtained confirmation from all Directors that they have complied with the Model Code for the year ended 31 December 2009.

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

During the year ended 31 December 2009 neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

From 1 January 2010 up to the date of this announcement, the Company repurchased a total of 11,705,000 shares on the Stock Exchange of Hong Kong Limited at an aggregate consideration (excluding expenses) of HK$60,009,520. All the repurchased shares were subsequently cancelled. Details of the repurchases are as follows:

Month of repurchases	**Total number of ordinary shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration paid (excluding expenses)**
		(HK$)	*(HK$)*	*(HK$)*
February 2010	11,705,000	5.23	5.01	60,009,520

The repurchases were made for the benefit of the equity holders to enhance the earnings per share of the Group.

Save as disclosed above, the Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold, any of the shares of the Company during the year ended 31 December 2009 and up to the date of this announcement.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "Annual General Meeting") be held on 28 April 2010. The notice of the Annual General Meeting will be published on 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 US1.50 cents per ordinary share of the Company in respect of the year ended 31 December 2009. Subject to the approval of shareholders at the Annual General Meeting, the final dividend will be paid on or about 14 May 2010 to shareholders whose names appear on the register of members of the Company on 28 April 2010. The register of members of the Company will be closed from 23 April 2010 to 28 April 2010 (both days inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the 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 Rooms 1712–1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on 22 April 2010.

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

Hong Kong, 8 March 2010

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.