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 MARCH 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2020	2019	Change
Key income statement items	***RMB'000***	*RMB'000*	*%*
Revenue	**20,094,531**	20,712,027	-3.0
Gross profit	**9,655,032**	9,400,171	+2.7
Core operating profit (excluding other income and other gains – net)	**4,378,554**	4,077,414	+7.4
Operating profit	**4,805,934**	4,586,483	+4.8
EBITDA[1]	**5,711,832**	5,440,400	+5.0
Profit attributable to equity holders of the Company	**3,649,215**	3,476,599	+5.0
Key financial ratios	*%*	*%*	*% point*
Gross profit margin	**48.0**	45.4	+2.6
Core operating profit margin (excluding other income and other gains – net)	**21.8**	19.7	+2.1
Operating profit margin	**23.9**	22.1	+1.8
EBITDA margin	**28.4**	26.3	+2.1
Margin of Profit attributable to equity holders of the Company	**18.2**	16.8	+1.4

[1] EBITDA refers to earnings before interest, income tax, depreciation and amortization. It is calculated by adding back depreciation and amortization expenses to the operating profit for the year.

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 (together, the "Group" or "Want Want") for the year ended 31 March 2020 ("2019FY") together with the comparative figures for the year ended 31 March 2019 ("2018FY") as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2020

	Note	Year ended 31 March **2020** *RMB'000*	2019 *RMB'000*
Revenue	4	**20,094,531**	20,712,027
Cost of sales		**(10,439,499)**	(11,311,856)
Gross profit		**9,655,032**	9,400,171
Distribution costs		**(2,791,063)**	(2,984,626)
Administrative expenses		**(2,485,415)**	(2,338,131)
Other income	5	**418,700**	459,304
Other gains – net	6	**8,680**	49,765
Operating profit		**4,805,934**	4,586,483
Finance income		**558,767**	503,035
Finance costs		**(312,558)**	(277,753)
Finance income – net		**246,209**	225,282
Share of losses of associates		**(3,354)**	(5,444)
Profit before income tax		**5,048,789**	4,806,321
Income tax expense	7	**(1,412,546)**	(1,343,750)
Profit for the year		**3,636,243**	3,462,571
Profit attributable to:			
– Equity holders of the Company		**3,649,215**	3,476,599
– Non-controlling interests		**(12,972)**	(14,028)
		3,636,243	3,462,571
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share	8	**RMB29.38 cents**	RMB27.93 cents
Diluted earnings per share	8	**RMB29.38 cents**	RMB27.93 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	Year ended 31 March	
		2020	2019
		RMB'000	*RMB'000*
Profit for the year		**3,636,243**	3,462,571
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**4,763**	2,991
Change in value of financial assets at fair value through other comprehensive income		**(7,765)**	(9,376)
Items that may be reclassified to profit or loss			
Currency translation differences		**(399,607)**	(332,143)
Other comprehensive income for the year		**(402,609)**	(338,528)
Total comprehensive income for the year		**3,233,634**	3,124,043
Attributable to:			
– Equity holders of the Company		**3,247,662**	3,139,120
– Non-controlling interests		**(14,028)**	(15,077)
Total comprehensive income for the year		**3,233,634**	3,124,043

CONSOLIDATED BALANCE SHEET
As at 31 March 2020

	Note	**31 March 2020**	31 March 2019
		RMB'000	*RMB'000*
			(Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**6,770,980**	7,331,250
Leasehold land and land use rights		**–**	939,914
Investment properties		**37,944**	38,038
Intangible assets		**13,027**	14,199
Investments in associates		**15,425**	18,779
Deferred income tax assets		**287,536**	242,205
Financial assets at fair value through other comprehensive income		**31,761**	38,671
Right-of-use assets		**1,062,289**	–
Other non-current assets		**–**	25,980
Total non-current assets		**8,218,962**	8,649,036
Current assets			
Inventories		**2,746,167**	2,387,747
Trade receivables	10	**846,744**	1,034,970
Prepayments, deposits and other receivables		**756,190**	642,224
Cash and cash equivalents		**17,256,927**	17,160,428
Total current assets		**21,606,028**	21,225,369
Total assets		**29,824,990**	29,874,405

	Note	**31 March 2020**	31 March 2019
		RMB'000	*RMB'000*
			(Restated)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**1,866,355**	1,871,067
Reserves		**13,406,327**	13,491,223
		15,272,682	15,362,290
Non-controlling interests		**81,532**	97,537
Total equity		**15,354,214**	15,459,827
LIABILITIES			
Non-current liabilities			
Borrowings		**8,293,566**	7,773,478
Deferred income tax liabilities		**214,378**	267,528
Other non-current liabilities		**74,281**	75,037
Lease liabilities		**67,034**	–
Total non-current liabilities		**8,649,259**	8,116,043
Current liabilities			
Trade payables	11	**1,093,092**	1,034,900
Accruals and other payables		**2,371,083**	2,061,082
Contract liabilities	4(b)	**1,584,651**	1,117,541
Current income tax liabilities		**133,728**	341,130
Borrowings		**587,085**	1,743,882
Lease liabilities		**51,878**	–
Total current liabilities		**5,821,517**	6,298,535
Total liabilities		**14,470,776**	14,414,578
Total equity and liabilities		**29,824,990**	29,874,405

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, Japan, Hong Kong and Singapore, and its products are also sold to the United States of America, Canada, countries in South-East Asia 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 Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company has had its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited since 26 March 2008.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVPL"), which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Changes in accounting policy and disclosures

(a) New standard, amendments and interpretation of HKFRSs adopted by the Group during the year ended 31 March 2020

A number of new standard, amendments and interpretation to existing standards became applicable for the financial year beginning on 1 April 2019 and the Group had to change its accounting policies as a result of adopting HKFRS 16 'Leases'. The other new amendments and interpretation did not give rise to any significant impact on the Group's financial statements. These new standard, amendments and interpretation are set out below:

(i) HKFRS 16 'Leases'

The impact of the adoption of HKFRS 16 'Leases' is disclosed in Note 2.2 below.

(ii) HK (IFRIC) Interpretation 23 'Uncertainty over Income Tax Treatments'.

(iii) Amendments to HKFRS 9 regarding prepayment features with negative compensation.

(iv) Amendments to HKAS 28 regarding long-term interests in associates and joint ventures.

(v) Annual Improvements to HKFRS Standards 2015–2017 Cycle which were finalised in December 2017.

(vi) Amendments to HKAS 19 regarding plan amendment, curtailment or settlement.

(b) New standard, amendments and interpretation of HKFRSs issued but are not effective for the financial year beginning on 1 April 2019 and have not been early adopted by the Group

(i) HKFRS 17 'Insurance Contracts', effective for annual periods beginning on or after 1 January 2021 (but likely to be extended).

(ii) Amendments to HKAS 1 and HKAS 8 regarding definition of material, effective for annual periods beginning on or after 1 January 2020.

(iii) Amendments to HKFRS 3 regarding definition of a business, effective for annual periods beginning on or after 1 January 2020.

(iv) Revised Conceptual Framework for Financial Reporting, effective for annual periods beginning on or after 1 January 2020.

(v) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 regarding interbank offered rates (IBORs) reform and its effects on financial reporting, effective for annual periods beginning on or after 1 January 2020.

(vi) Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture, originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has not been determined.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 'Leases' on the Group's financial statements.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 'Leases' from 1 April 2019, but has not restated comparatives for the financial year ended 31 March 2019, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.00%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) Interpretation 4 'Determining whether an Arrangement contains a Lease'.

(ii) Measurement right-of-use assets and lease liabilities

	RMB'000
Operating lease commitments (excluding leases relating to leasehold land and land use rights) disclosed as at 31 March 2019	142,656
Less:	
Short-term leases to be recognised on a straight-line basis as expenses	(5,614)
Low-value leases to be recognised on a straight-line basis as expenses	(2,605)
	134,437
Discounted using the lessee's incremental borrowing rate at the date of initial application, representing additional lease liabilities recognised as at 1 April 2019	105,596
Add:	
Reclassification of leasehold land and land use rights	939,914
Right-of-use assets recognised as at 1 April 2019	1,045,510

The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 April 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(iii) Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- leasehold land and land use rights – decrease by RMB939,914,000
- right-of-use assets – increase by RMB1,045,510,000
- lease liabilities (current portion) – increase by RMB26,075,000
- lease liabilities (non-current portion) – increase by RMB79,521,000

There was no impact on retained earnings on 1 April 2019.

(iv) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

2.3 Merger accounting for business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in business combinations under common control as if they had been combined from the date when the combining entities or businesses first came under the control of the ultimate holding company.

The net assets of the combining entities or businesses are consolidated using the carrying amount from the ultimate holding company's perspective. No amount is recognised for goodwill or the excess of the Group's interest in the book value of the net assets over cost at the time of the common control combination, to the extent of the continuation of the ultimate holding company's interest

The comparative financial data have been restated to reflect the business combinations under common control which occurred during this year as disclosed in Note 3.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses and other costs incurred in relation to the common control combination that is to be accounted for by using the merger accounting method are recognised as expenses in the period in which they are incurred.

3. Business Combination

Acquisition of Poyang County Linwang Forestry Development Co., Limited

In June 2019, Want Want (HK) Holdings Limited, a subsidiary of the Company, entered into a share purchase agreement with San Want Holdings Limited, pursuant to which, Want Want (HK) Holdings Limited acquired Poyang County Linwang Forestry Development Co., Limited (hereinafter referred to as "Poyang Linwang") from San Want Holdings Limited at a total consideration of USD7.35 million. In the opinion of the directors of the Company, Poyang Linwang carries on a business. Before and after the acquisition, Want Want (HK) Holdings Limited and San Want Holdings Limited were ultimately controlled by Mr. Tsai Eng-Meng, and the control was not temporary. As such, the acquisition is considered to be a business combination under common control. According to Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants, the comparative financial figures of the consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related explanatory notes of the Group were restated as if Poyang Linwang had been combined since the date of establishment in 2008. The comparative financial figures of the consolidated income statement and consolidated statement of comprehensive income of the Group were not restated as the amount was insignificant.

The carrying amounts of the assets and liabilities of Poyang Linwang as at the transaction date and the comparative financial figures were as follows:

	18 June 2019	31 March 2019
	RMB'000	*RMB'000*
ASSETS		
Property, plant and equipment	**7,106**	7,134
Inventories	**4,617**	3,701
Trade receivables	**678**	21
Prepayments, deposits and other receivables	**2,106**	774
Cash and cash equivalents	**16,750**	26,337
LIABILITIES		
Borrowings	**–**	3,000
Accruals and other payables	**361**	3,266
Contract liabilities	**–**	110
Net Assets	**30,896**	31,591
Total purchase consideration	**51,986**	

4. Revenue and Segment Information

The chief operating decision-maker has been identified as the executive Directors. The executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on their reports.

The executive Directors consider the business from a product perspective and assess the performance of the operating segments based on a measure of segment profit or loss. Management assesses the performance of rice crackers, dairy products and beverages, snack foods and other products.

The Group's operations are mainly organized under four business segments, including manufacturing and sale of:

- Rice crackers, including sugar coated crackers, savoury crackers and fried crackers, gift packs;
- Dairy products and beverages, including flavoured milk, room-temperature yogurt, yogurt drinks, ready-to-drink coffee, juice drinks, sports drinks, herbal tea and milk powder;
- Snack foods, including candies, popsicles, ball cakes and jellies, beans, nuts and others; 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 executive Directors assess the performance of the business segments based on profit before income tax excluded other unallocated head office operating expenses, finance income – net and share of losses of associates, which is consistent with that in the financial statements.

(a) Segment information

The revenue of the Group for the year ended 31 March 2020 and for the year ended 31 March 2019 are set out as follows:

	Year ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Rice crackers	**5,611,414**	5,813,485
Dairy products and beverages	**9,813,411**	9,729,601
Snack foods	**4,634,188**	5,101,099
Other products	**35,518**	67,842
Total revenue	**20,094,531**	20,712,027

The segment information for the year ended 31 March 2020 is as follows:

	Year ended 31 March 2020				
	Rice crackers *RMB'000*	Dairy products and beverages *RMB'000*	Snack foods *RMB'000*	Other products *RMB'000*	Group *RMB'000*
Segment results					
Revenue	**5,611,414**	**9,813,411**	**4,634,188**	**35,518**	**20,094,531**
Timing of revenue recognition					
At a point in time	**5,611,414**	**9,813,411**	**4,634,188**	**35,518**	**20,094,531**
Segment profit/(loss)	**1,304,370**	**3,115,177**	**992,330**	**(6,590)**	**5,405,287**
Unallocated costs					**(599,353)**
Finance income – net					**246,209**
Share of losses of associates					**(3,354)**
Profit before income tax					**5,048,789**
Income tax expense					**(1,412,546)**
Profit for the year					**3,636,243**
Other segment items included in the income statement					
Depreciation of property, plant and equipment	**231,115**	**348,459**	**228,671**	**466**	**808,711**
Amortisation of right-of-use assets	**17,671**	**37,382**	**17,843**	**3,989**	**76,885**
Depreciation of investment properties	**–**	**–**	**–**	**1,464**	**1,464**
Unallocated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets					**18,838**
Capital expenditure					
Capital expenditure by segments	**103,864**	**74,777**	**55,780**	**16,091**	**250,512**
Unallocated capital expenditure					**45,636**
Total Capital expenditure					**296,148**

Segment assets exclude cash and cash equivalents, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude borrowings and other unallocated head office and corporate liabilities, as these liabilities are managed on a group basis.

The segment assets and liabilities as at 31 March 2020 are as follows:

	31 March 2020				
	Rice crackers *RMB'000*	**Dairy products and beverages** *RMB'000*	**Snack foods** *RMB'000*	**Other products** *RMB'000*	**Group** *RMB'000*
Segment assets and liabilities					
Segment assets	**2,591,487**	**6,620,859**	**3,115,137**	**113,056**	**12,440,539**
Unallocated assets					**112,099**
Cash and cash equivalents					**17,256,927**
Investments in associates					**15,425**
Total assets					**29,824,990**
Segment liabilities	**1,503,117**	**2,658,950**	**1,256,412**	**10,994**	**5,429,473**
Unallocated liabilities					**160,652**
Borrowings					**8,880,651**
Total liabilities					**14,470,776**

The segment information for the year ended 31 March 2019 is as follows:

	Year ended 31 March 2019				
	Rice crackers *RMB'000*	Dairy products and beverages *RMB'000*	Snack foods *RMB'000*	Other products *RMB'000*	Group *RMB'000*
Segment results					
Revenue	5,813,485	9,729,601	5,101,099	67,842	20,712,027
Timing of revenue recognition					
At a point in time	5,813,485	9,729,601	5,101,099	67,842	20,712,027
Segment profit	1,201,441	2,951,513	1,020,820	4,826	5,178,600
Unallocated costs					(592,117)
Finance income – net					225,282
Share of losses of associates					(5,444)
Profit before income tax					4,806,321
Income tax expense					(1,343,750)
Profit for the year					3,462,571
Other segment items included in the income statement					
Depreciation of property, plant and equipment	229,539	349,066	227,589	949	807,143
Amortisation of leasehold land and land use rights	6,202	13,638	5,993	1,228	27,061
Depreciation of investment properties	–	–	–	1,461	1,461
Unallocated depreciation and amortisation of property, plant and equipment, leasehold land and land use rights and intangible assets					18,252
Capital expenditure					
Capital expenditure by segments	94,633	115,951	51,358	41,755	303,697
Unallocated capital expenditure					78,115
Total Capital expenditure					381,812

Segment assets exclude cash and cash equivalents, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude borrowings and other unallocated head office and corporate liabilities, as these liabilities are managed on a group basis.

The segment assets and liabilities as at 31 March 2019 are as follows:

	31 March 2019 (Restated)				
	Rice crackers	Dairy products and beverages	Snack foods	Other products	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets and liabilities					
Segment assets	2,518,037	6,711,871	3,223,981	120,879	12,574,768
Unallocated assets					120,430
Cash and cash equivalents					17,160,428
Investments in associates					18,779
Total assets					29,874,405
Segment liabilities	1,280,730	2,256,105	1,193,901	11,077	4,741,813
Unallocated liabilities					155,405
Borrowings					9,517,360
Total liabilities					14,414,578

(b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	31 March 2020	31 March 2019
	RMB'000	*RMB'000* *(Restated)*
Contract liabilities – rice crackers	**440,608**	307,834
Contract liabilities – dairy products and beverages	**774,964**	528,480
Contract liabilities – snack foods	**366,074**	277,981
Contract liabilities – others	**3,005**	3,246
	1,584,651	1,117,541

The following table shows how much of the revenue recognised in the current reporting period related to carried-forward contract liabilities that were satisfied in the prior year.

	For the year ended 31 March 2020	For the year ended 31 March 2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Rice crackers	**307,834**	356,235
Dairy products and beverages	**528,480**	629,592
Snack foods	**277,981**	331,728
Others	**3,246**	3,097
	1,117,541	1,320,652

The Group selected to choose a practical expedient and omitted disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

(c) Impact of HKFRS 16 'Leases' on segment disclosures and profit

The adoption of the new leasing standard described in Note 2.2 had the following impact on the segment disclosures and profit in the current year.

	For the year ended 31 March 2020		As at 31 March 2020	
	Decrease	Increase	Increase	
	Segment profit	Depreciation	Segment assets	Segment liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Rice crackers	615	9,169	19,624	20,239
Dairy products and beverages	1,994	29,739	63,655	65,649
Snack foods	954	14,232	30,462	31,416
Others	49	728	1,559	1,608
	3,612	53,868	115,300	118,912

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items noted above is not entirely comparable to the information disclosed for the prior year.

5. Other income

	Year ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Government grants	**337,473**	368,757
Sale of scraps	**69,760**	73,830
Rental income from investment properties	**2,141**	3,660
Others	**9,326**	13,057
Total	**418,700**	459,304

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

6. Other gains – net

	Year ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange gains/(losses)	**35,856**	(39,924)
Donation expenses	**(33,285)**	(5,174)
Gains on disposal of financial assets at fair value through profit or loss	**–**	16,600
Losses on disposal of property, plant and equipment, net	**(8,152)**	(13,941)
Gains on disposal of leasehold land and land use rights	**–**	92,554
Losses on disposal of investments in associates, net	**–**	(9,554)
Others	**14,261**	9,204
Total	**8,680**	49,765

7. Income tax expense

	Year ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
Current income tax on profits for the year	**1,277,536**	1,212,332
Deferred income tax		
Withholding tax on dividends from PRC subsidiaries	**180,000**	125,000
Origination and reversal of tax losses and temporary differences	**(44,990)**	6,418
Total	**1,412,546**	1,343,750

The Company is incorporated in the 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.

Enterprises incorporated in the PRC are subject to Corporate Income Tax ("**CIT**") mainly at rate of 25% (during the year ended 31 March 2019: 25%) during the year ended 31 March 2020.

Enterprises incorporated in Taiwan, Hong Kong and other places (mainly including Singapore, Japan, British Virgin Islands("**BVI**") and Vietnam) are subject to income tax at the prevailing rates of 17%, 16.5% and 0% to 30% during the year ended 31 March 2020 (during the year ended 31 March 2019: 17%,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 year.

	Year ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company (RMB'000)	**3,649,215**	3,476,599
Weighted average number of ordinary shares in issue (thousands)	**12,422,335**	12,449,287
	RMB	RMB
Basic earnings per share	**29.38 cents**	27.93 cents

(b) Diluted

Diluted earnings per share are the same as the basic earnings per share since the Company does not have diluted shares.

9. Dividends

	Year ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Interim dividend paid of US0.64 cent (for the year ended 31 March 2019: US0.53 cent) per ordinary share	**557,138**	453,622
Proposed final dividend of US2.42 cents (for the year ended 31 March 2019: US2.41 cents) per ordinary share (note (a))	**2,125,530**	2,020,050
Proposed special dividend of US1.10 cents (for the year ended 31 March 2019: US0.48 cent) per ordinary share (note (b))	**966,547**	404,010
	3,649,215	2,877,682

(a) On 16 June 2020, the Board recommended the payment of a final dividend of US2.42 cents (for the year ended 31 March 2019: US2.41 cents) per ordinary share, totalling RMB2,125,530,000 (for the year ended 31 March 2019: RMB2,020,050,000) for the year ended 31 March 2020. The proposed final dividend in respect of the year ended 31 March 2020 is calculated based on the total number of shares in issue as at the date of this report. The payment of the proposed final 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.

(b) On 16 June 2020, the Board recommended the payment of a special dividend of US1.10 cents (for the year ended 31 March 2019: US0.48 cent) per ordinary share, totalling RMB966,547,000 (for the year ended 31 March 2019: RMB404,010,000) for the year ended 31 March 2020. The proposed special dividend in respect of the year ended 31 March 2020 is calculated based on the total number of shares in issue as at the date of this report. The payment of the proposed special 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.

The dividends paid during the year ended 31 March 2020 amounted to RMB3,100,502,000, comprising the final dividend and special dividend of RMB2,543,364,000 for the year ended 31 March 2019 and the interim dividend of RMB557,138,000 for the year ended 31 March 2020, which were paid in September 2019 and December 2019 respectively.

10. Trade receivables

	31 March 2020	31 March 2019
	RMB'000	*RMB'000* *(Restated)*
Trade receivables		
– from third parties	**886,717**	1,094,011
– from related parties	**15,494**	13,039
	902,211	1,107,050
Less: provision for impairment of trade receivables	**(55,467)**	(72,080)
Trade receivables, net	**846,744**	1,034,970

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 (for the year ended 31 March 2019: 60 to 90 days).

As at 31 March 2020 and 31 March 2019, the ageing analysis of trade receivables based on invoice date is as follows:

	31 March 2020	31 March 2019
	RMB'000	*RMB'000* *(Restated)*
Within 60 days	**382,742**	447,461
61-90 days	**187,662**	368,864
91-180 days	**237,273**	199,770
181-365 days	**20,153**	36,511
Over 365 days	**74,381**	54,444
Total	**902,211**	1,107,050

The carrying amounts of the Group's trade receivables approximated their fair values as at the balance sheet dates.

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

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

11. Trade payables

	31 March 2020	31 March 2019
	RMB'000	*RMB'000*
Trade payables-to third parties	**1,093,092**	1,034,900

The ageing analysis of the trade payables as at 31 March 2020 and 31 March 2019 is as follows:

	31 March 2020	31 March 2019
	RMB'000	*RMB'000*
Within 60 days	**985,783**	970,721
61 to 180 days	**82,972**	43,194
181 to 365 days	**11,584**	6,422
Over 365 days	**12,753**	14,563
Total	**1,093,092**	1,034,900

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

CHAIRMAN'S STATEMENT

Dear shareholders:

The COVID-19 pandemic, which occurred in early 2020, has caused global disruption and has, indeed, affected some of our original planning. While doing our best at undertaking different precautions, our employees and we were also committed to fulfil our corporate social responsibility by donating various pandemic prevention supplies and products of the Company and provide our utmost supports to our customers and suppliers during this difficult time. With the help of different levels of government, we endeavored to gradually resume the operation of all our production facilities and offices in March 2020. I hereby express my heartfelt thanks to all who joined in the effort and, using this opportunity, I would once again like to show my greatest respect to all frontline personnel who have been fighting against the virus.

Due to the adverse impact caused by the pandemic on the fourth quarter of 2019FY, revenue in the 2019FY decreased by 3.0% to RMB20,094.5 million as compared with that of 2018FY. Benefiting from the product-mix optimisation and the decrease in cost of certain raw materials, our gross profit margin nevertheless grew from 45.4% in 2018FY to 48.0%. Operating profit also increased by 4.8% as compared with that of 2018FY to RMB4,805.9 million. Lastly, net profit attributable to equity holders of the Company was RMB3,649.2 million, representing a 5.0% increase over that of 2018FY.

To cope with the ever-changing market and to serve more consumer groups, we established a new branding business team called "Shi Ji Yan" (食技研) in 2019, in an attempt to explore a more diversified marketing practice to cater for more young consumer groups outside our existing business model. In addition, our sales entity in Vietnam also commenced operation in 2019, with several other sales entities in Southeast Asia scheduled to begin their operations gradually during 2020. We expect overseas markets to become another growth engine for Want Want in the future. Furthermore, targeting at specific consumer groups, we launched a series of products under different brands including "Prime of Love" (愛至尊) (which targets at the middle-aged and the elderly), "Fix Body" (a brand for fitness lovers and beauty enthusiasts), and the "Baby Mum-Mum" (貝比瑪瑪) series for new parents. I believe these distinctive Want Want products will bring lots of excitement and delight the taste buds of our consumers in the years ahead.

The COVID-19 pandemic has underscored the importance of multiple channels and digital platforms. It has also created many market opportunities that are waiting for us to explore. At a time filled with uncertainties, we learn more about ourselves and make the very most of our potentials. I requested our management to regard the year of 2020 as a "year of learning". Only by remaining humble and continuing to learn new knowledge and new ideas at every moment could Want Want keep progressing forward steadfastly in the face of different hardships and challenges ahead of us and to grow with our customers, and to keep abreast with new development!

Tsai Eng-Meng
Chairman of the Board and Chief Executive Officer

16 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

The outbreak of the novel coronavirus ("COVID-19") pandemic at the beginning of 2020 has interrupted the daily life of all people and order around the world. Upon the outbreak of COVID-19, the Group immediately set up an emergency and contingency team and formulated standards and guidelines for pandemic prevention to safeguard life, safety and health of our employees as our top priority. By adhering to the operating policy of "assuring quality, securing supply and promoting sales", the Group actively resumed production and operations. At the same time, the Group provided incentive policy and resource supports and cooperated with our bankers to provide financing solutions by means of various digital financial products, such as "Want Want Cloud Notes" (旺旺雲證) and "Loans to Small and Medium-sized Enterprises" (小微貸款), to our distributors and suppliers to relieve them from their operating pressure. In addition, the Group actively fulfilled its corporate social responsibilities and swiftly dispatched and donated the "Water God" (水神) branded slightly acidic electrolytic hydrochlorous acid disinfection and sterilization equipment and antiseptic liquid to needy medical institutions, administrative units and schools. Various Want Want products were also donated to the frontline pandemic prevention workers who were fighting against COVID-19.

Affected by the pandemic, China's gross domestic product (GDP) in the first quarter of 2020, declined by 6.8% year-on-year, of which the wholesale and retail sectors contracted by 17.8%, according to data released by the National Bureau of Statistics. At the early stage of the outbreak, the Group's Chinese New Year operation was, in general, satisfactory, and sales for the period of 90 days leading up to the Chinese New Year ("CNY Sales Period") in 2020 (i.e. the period from 26 October 2019 to 23 January 2020) achieved a high single-digit growth rate as compared with that of the CNY Sales Period in the previous year (i.e. the period from 6 November 2018 to 3 February 2019). However, the Group's sales in February and March 2020 suffered a relatively heavy impact as a result of the adverse effect of COVID-19 on the overall supply chain and sales. With the continuous improvement in the prevention and control of COVID-19 in China, the market gradually returned to normal. During the period from April to May 2020, the Group resumed its normal trend in sales and achieved double-digit revenue growth over that of the same period in the previous year. In addition, as at 31 March 2020, the Group maintained a net cash position of RMB8,376.3 million, with RMB17,256.9 million cash and cash equivalents on hand, which enables it to be more resilient in face of the uncertain global financial market condition.

In summary, total revenue of the Group for 2019FY decreased by 3.0% to RMB20,094.5 million as compared with that of 2018FY. Benefiting from the product-mix optimization and the decrease in the cost of certain key raw materials, the Group's gross profit margin for 2019FY increased by 2.6 percentage points year-on-year to 48.0%. The operating expense (the aggregate of distribution costs and administrative expenses) as a percentage of revenue was 26.3% and increased by 0.6 percentage point year-on-year to RMB5,276.5 million. The core operating profit (excluding other income and other gains – net) increased by 7.4% to RMB4,378.6 million as compared with that for the same period in the previous year.

The profit attributable to equity holders of the Company for 2019FY increased by 5.0% year-on-year and reached RMB3,649.2 million while the margin of profit attributable to equity holders of the Company increased by 1.4 percentage points to 18.2%.

Summary of operating strategies

The Group continued to adhere to its channel diversification strategy, actively explored new marketing models and integrated online and offline sales channels to cover more consumer groups. The implementation of brand differentiation and product diversification strategies facilitated the penetration of refined market and fitted well with the fragmented consumers' demands. Brand recognition was strengthened, a healthy, joyful and energetic brand image was created, and the interaction and emotional exchange with consumers were enhanced by the use of a lively and diverse digital marketing method. Through investing in digitalization, production and supply chain flexibility was enhanced and overall operation and management efficiency was improved.

COVID-19 has changed the consumption pattern and sense of spending of people. The Group will seize the market opportunities, accelerate the deployment of new emerging channels such as e-commerce, smart vending machines and community marketing, and guide our traditional distributors to transform their sales models into a combination of both online and offline sales. At the same time, we plans to launch brands featuring the quality of health and introduce more food flavors to meet the needs of consumers who are health conscious and prefer more diversity in choice.

Channel diversification

In 2019FY, excluding the impact of COVID-19 on sales, the Group's traditional distribution channels maintained its growth momentum. It was mainly due to the initiatives taken by the Group, such as safeguarding the interest of distributors by maintaining market order and implementing effective incentive policies, intensively developing the market, strengthening the weaker points of sales, and driving sales. The implementation of phased incentive policies enhanced the market coverage of our potential products and promoted the balanced development of our products. In 2020FY (from 1 April 2020 to 31 March 2021), the Group will guide distributors to ride on the digital marketing trend and transform into a sales model combining online and offline. On the one hand, it will be conducive to the expansion of business scales of distributors and will thereby improve their working capital efficiency. On the other hand, the Group's coverage of points of sales will be increased and better services will be provided to end points of sales and thus achieve a win-win operation. The Group will also encourage distributors to try other sales models which directly reach out to retailers or end consumers to facilitate faster product movement throughout the channels.

Despite the impact of COVID-19, the profitability of modern channels in 2019FY was further improved as compared to that of 2018FY. This was due to the optimization of our organizational structure and the sorting out of customers' matters, thereby improved the efficiency of resources utilisation. In 2020FY, the Group will further improve the product structure, optimize product packaging design to meet the characteristics of modern channel sales, and increase the category penetration rate at hypermarkets, supermarkets, and convenience stores to facilitate the sustainable development of these channels.

Emerging channels continued to pursue diversification and maintain the trend of rapid growth in 2019FY. In addition to continuing the cooperation with many mainstream e-commerce platforms and actively expanding B2B, B2C and O2O businesses, sales models such as vending machines, OEM orders, Want Want official online store (旺仔旺鋪) (an online sales platform operated by the Group), special channels and Hot-Kid theme stores were also expanding rapidly. Through system upgrades of vending machines and issuance of coupons, the Group improved consumers' shopping experience and actively developed end points of sales in second-tier and third-tier cities. Emerging channels enabled the Group to expand its consumer base and to enhance emotional interaction and mutual understanding with consumers, which will be an important driving force for the sustainable development of the Group in the medium to long term.

Exploring overseas markets and promoting "Want Want" brand to the rest of the world to achieve brand internationalization are the medium to long term business goals of the Group. In 2019FY, the Group's overseas sales achieved a mid-single digit growth year-on-year. Our first overseas sales entity in Vietnam commenced its operation and with the setting up of a few more overseas sales entities in the preparation. In addition to leveraging on the strength of our "Want Want" brand to develop the overseas Chinese market, the Group will also exploit its large variety of product offering and distinctive features to further explore and develop the local markets abroad.

Brand building and upgrade of products

The Group implements a brand differentiation strategy with distinctive positioning of different brands to cater for various market sub-segments and provides consumers with products that are more suitable for their respective needs. "Baby Mum-Mum" (貝比瑪瑪) is a maternal and child brand specifically designed for babies and toddlers which satisfies consumer demands for complementary foods for infants and young children without any additive and free of allergens. The factory in Jiangxi designated for the production of complementary foods for infants will officially start production in 2020. "Shi Ji Yan" (食技研), a brand that uses "Nothing not Special" as its appeal, was in cooperation with prominent KOLs (Key Opinion Leaders) and attracted young consumer groups through new marketing methods such as live broadcast. "Prime of Love" (愛至尊) is a new brand that focuses on meeting the needs of the elderly for health and nutrition. In 2019, "Prime of Love Supreme Elderly Nutrition Drink" (愛至尊長青族營養飲) was selected as one of the Top 100 "iSEE Food Innovation" products. The Group also focuses on the innovation of products, taking into account the fashionable trends and nutritional needs in developing the taste of its products, and attending to the practicality and customization of product design, which continue to bring fresh eating experience to consumers.

Lively and diverse digital marketing

Through organizing diversified digital marketing activities, the Group passed on the brand value of "people-oriented, self-confidence, unity" and the brand image of "health, happiness, vitality". With consumer experience as the core, the Group explored the business models of e-commerce live broadcast and private domain traffic, combined brand building and channel marketing, and built a comprehensive "Want Want" fan ecosystem. Through new marketing methods like "Zhong Cao" (meaning to recommend a product to others) by KOLs, live broadcast and product customization, it strengthened the social attributes of our products, broadened the reach of consumers, and increased interaction and connection with consumers.

The building of brand IP and cross-industry brand collaboration enabled "Want Want" brand to build its cultural influence and enriched the images of "Hot-Kid" brand. In 2019, when celebrating the 70th anniversary of the founding of the People's Republic of China and the 40th anniversary of the establishment of the image of "Hot-Kid" IP, the Group released Hot-Kid images of 56 ethnic groups and launched a series of products featuring such images in the packaging. This captured the feeling among consumers of their national and cultural identity and enhanced the fun of buying. In addition, together with "China Children and Teenagers' Fund" and Kugou Music, the Group launched a charity project to share "Want Want" snacks and give care to children from ethnic minorities in remote mountain areas to deepen their understanding of ethnic culture and food safety. During the outbreak of the COVID-19, Hot-Kid in anti-pandemic image was launched to add positive energy and sense of responsibility to the "Want Want" brand.

The Group relies on social platforms (by setting up the Hot-Kid Club and opening official public accounts on mainstream social platforms) to gain insights into the characteristics of consumers and regularly posts interesting topics and organizes activities to "play together" with consumers. At the same time, it seeks to share the common interests of consumers and analyses user data to drive product innovation so that the design of products can better meet the needs of consumers.

During the "Double 11" (Singles' Day) in 2019, a series of special peripheral products were launched, including "ball cakes couch" (小饅頭沙發), "I want to pinch" (好想捏), "soft soft pinch" (軟軟捏), etc., which were well received by consumers. The campaign won the bronze prize in the 11th Golden Mouse Digital Media Award – Integration Category. In summer 2019, we launched customized special drinks, namely "Hot-Kid Treasure Tea" (旺仔寶藏茶) and "Hot-Kid QQ Cheese Cup" (旺仔QQ芝士杯), together with Nayuki, a popular brand on the Internet, to let Want Want fans have a taste of instant-made special drinks with "Want Want" characteristics. This crossover marketing collaboration won the 6th TMA Mobile Marketing Award – Bronze Prize in the cross-sector marketing category.

The integration of industrial chain and finance enables the industrial chain to operate efficiently

The Group uses internal and external professional resources to enable partners of upstream and downstream industrial chain to obtain financial value-added services.

Upstream Supply Chain – launching the first blockchain financing product namely "Want Want Cloud Notes" (旺旺雲證) jointly with China Merchants Bank

In order to solve the financial needs of our supply chain partners, in July 2019, the Group teamed up with China Merchants Bank and introduced a new supply-chain procurement payment model, i.e. "cloud notes". By presenting the "Want Want Cloud Notes"(旺旺雲證), which is a sort of promissory note of accounts payable issued by Want Want, supply chain partners could obtain blockchain-based financing solutions from the bank conveniently and at a competitive rate. The Group successfully issued the first "Want Want Cloud Notes" (旺旺雲證) to a carrier in April 2020 and the carrier completed the financing in May 2020. Such service will be gradually promoted to upstream suppliers. It helped upstream supply chain partners to relieve their financial pressure especially during the time in early 2020 when they encountered financing difficulties, which in turn helped the Group to achieve upstream supply chain stability and the realization of a new model of closed-loop financial management with the systemization of logistic flow, financial flow and information flow.

Downstream distributors – continuing to provide "Loans to Small and Medium-sized Enterprises" (小微貸款) to Want Want distributors

In order to solve the financial needs of our distributors during peak seasons, the Group first implemented the distributor-dedicated marketing support policy called "Loans to Small and Medium-sized Enterprises" (小微貸款) in 2012. In recent years, the Group cooperated with China Merchants Bank, Shanghai Pudong Development Bank, WeBank and Postal Savings Bank of China plus MYBank (Alipay) to adopt various cooperation models to provide multi-channel, multi-combination, multi-option, competitive and convenient financing solutions for these distributors. During the COVID-19 pandemic, the Group promptly and actively cooperated with various banks in cooperation to launch financial relief and support policies to help these distributors to resume their normal operation and business activities.

REVENUE

Due to the impact of COVID-19 on the Group's sales in the fourth quarter of 2019FY, total revenue of the Group amounted to RMB20,094.5 million in 2019FY, representing a decrease of 3.0% as compared with that of 2018FY. The three key product segments maintained a balanced development. The aggregate revenue from rice crackers and snack foods segments accounted for 51.0% of the total revenue of the Group while revenue from the dairy products and beverages segment accounted for 48.8%.

Rice crackers

Revenue from rice crackers segment for 2019FY was RMB5,611.4 million, representing a decrease of 3.5% as compared with that of 2018FY. The two main reasons for the decrease are: (1) the sales of low-margin sub-brand rice crackers were intentionally decreased; and (2) some Chinese New Year products were adversely affected by COVID-19. Sales of gift packs, which were usually consumed during the Chinese New Year, nevertheless achieved a single-digit growth rate in the 90-day CNY Sales Period in 2020 as compared with that of the CNY Sales Period in 2019. The sales of rice crackers in overseas regions also continued to grow.

In 2019FY, the Group carried out a variety of marketing activities, such as "Got Rice" rice crackers festival, launch of new products featuring 56 ethnic IP in the packaging, and a number of other activities for consumers so that consumers could keep the feeling of novelty in rice crackers products. The rapid expansion of emerging channels such as vending machines, theme stores and OEM orders improved the coverage of sales channels. The forthcoming new rice crackers products will focus more on the nutrition and taste in the selection of raw materials and the blending of flavors to meet consumers' increasing demands for health.

Gift pack products have maintained a single-digit compound growth rate in recent years. Product designs have been gradually developed towards the direction of diversification. In 2019FY, gift packs sold through traditional distribution channels emphasized the image of "Brilliant Mouse" (錦鼠) and "Bring Luck back Home" (帶旺回家), which was in line with the traditional Chinese New Year consumption culture. Gift packs sold by emerging channels emphasized more on individuality and customization which increased the social attributes of the products and met the specific needs of young consumers. The product category of gift packs will continue to extend towards mid-to-high end gift boxes and those for daily consumption. Sales through emerging channels will be strengthened to cater for purchases for different occasions and different recipients.

Dairy products and beverages

Notwithstanding the impact brought by the COVID-19, dairy products and beverages segment still achieved a revenue of RMB9,813.4 million in 2019FY, representing an increase of 0.9% year-on-year. The revenue of "Hot-Kid milk", which accounted for over 90% of the revenue of dairy products and beverages, increased by 1.9% year-on-year.

Revenue of "Hot-Kid milk" has maintained a growing trend since 2017. Our lively and diverse digital marketing activities have kept the image of "Hot-Kid" IP vivid and young and reduced the gap with its consumers. A diversified channel operation has increased the product's overall market coverage. Traditional distribution channels have maintained growth for three consecutive years, driven by the solid foundation of operations at retail level and refined management which thereby increased the coverage of points of sales. By strictly controlling the market order, managing the inventory level at end points of sales and accelerating the product turnover in the market, the interests of distributors were effectively secured. Emerging channels enriched the consumption scene and modes of youngsters. Product offerings were expanded. "Hot-Kid Pure Milk" (旺仔純牛奶) which is made from 100% raw milk and rich in calcium and milk protein and "Nuts Milk" (堅果牛奶) have gained popularity among consumers once they were made available on e-commerce channels.

Sub-category beverages with distinctive packaging and taste, such as "Pocket Juice Drinks" (果粒多) and "Lactic Acid Bacteria" (乳酸菌), strengthened the display at retail outlets and enhanced the interaction with consumers. Vending machine operation expanded the consumption scene and resulted in a new breakthrough in sales volume. Products with low-sugar and refreshing taste such as "Lactic Acid Bacteria" (乳酸菌) and "O-Bubble Fruit Milk" (O泡果奶) as well as fashionable specialty drinks like "Plant Drinks" (植物飲) and "Extract Tea Drinks" (神萃茶飲) will be launched in 2020 to satisfy the market demand for healthy and trendy beverages.

Snack foods

In 2019FY, revenue of snack foods decreased by 9.2% to RMB4,634.2 million as compared with that of 2018FY. It was mainly due to the impact of COVID-19 on sales and the weather condition in summer of 2019 which was unfavourable to and adversely affected the sales of popsicles. Excluding the impact of COVID-19, products accounted for more than half of snack foods revenue (mainly candies, jellies, etc.) achieved a single-digit growth rate. Product upgrades and expansion of emerging channels have become the main driving forces for the growth of snack foods.

Despite being affected by COVID-19, the revenue of candies managed to post a mid-single digit growth rate while jellies also achieved certain growth, which were mainly benefited from the implementation of the products' operation strategy, i.e. the intensive cultivation of existing products and active development of distinctive new products. At the same time of exploring the market potential of existing products and motivating our sales teams and channel sales, new products with unique features were also developed which have broadened our consumer base and enhanced the feeling of novelty and experience of consumers. Such new products include "QQ juicy gummy" (QQ漿爆) and "Super QQ" (超QQ) which emphasize their chewy textures. These new products have attracted the young consumer groups which in turn steadily pushed the growth of QQ gummy. The softest jelly pudding, "Soft Pudding" (嫩布丁), is a perfect blend of real juice and New Zealand imported milk source. The crispy coconut jelly also brings a rich taste and is loved by a lot of female consumers. "Aiyo Mochi Q Rice Noodles" (哎呦麻糬Q米撈面), which brings multi-layer of "Q" textures, won the 2nd "iSEE Food Innovation Award" for daily food and became a leading performer in the new spree of consumption.

Due to the unfavourable weather condition in the summer of 2019 and the impact of COVID-19 on our operations in the spring of 2020, the sales of popsicles in 2019FY were faced with relatively great challenges. Nevertheless, despite the unfavorable external environment, the Group, on the one hand, strengthened the inventory management at the end points of sales to ease our distributors 'operating pressure, and ensured the healthy circulation of products in channels. On the other hand, we also actively developed new products and new flavors and expanded multi-channel sales. In 2020FY, the Group plans to introduce new flavors of "Dongchi" (凍痴) with the well-known Hot-Kid Milk flavor and red bean flavor, to further expand the market share of this widely received product. By taking advantage of the characteristics of popsicles that can be transported at room temperature and consumed after being frozen, the Group will extend the sales channels and strengthen sales in convenience stores, supermarkets as well as emerging channels so as to increase the market coverage of these products.

COST OF SALES

The cost of sales of the Group for 2019FY amounted to RMB10,439.5 million, representing a decrease of 7.7% as compared with that of 2018FY. It was mainly due to the slight decline in sales and the decrease in cost of certain key raw materials used by the Group such as carton boxes and rice in 2019FY as compared with those of the same period in the previous year. The Group will continue to optimize the planning of production lines and speed up the automation process, and make use of big data and digital platforms to improve production management efficiency and to provide strong support for the implementation of differentiated marketing strategies.

GROSS PROFIT

Benefiting from the product-mix optimization and decrease in the cost of certain key raw materials, the gross profit margin of the Group for 2019FY increased by 2.6 percentage points to 48.0% as compared with that of the previous year. Gross profit amounted to RMB9,655.0 million, representing an increase of 2.7% over that of the previous year. The Group will continue to improve production efficiency and optimize product mix to maintain the healthy profitability of its products.

Rice crackers

The gross profit margin of rice crackers segment was 46.1% for 2019FY, representing an increase of 2.9 percentage points as compared with that of 2018FY. This increase in gross margin was due mainly to the Group's strategic decision to cut down the supply of low-margin sub-brand rice crackers and the decrease in cost of rice, a key raw material, in 2019FY.

Dairy products and beverages

The gross profit margin of dairy products and beverages segment was 49.0% for 2019FY, representing an increase of 1.9 percentage points as compared with that of 2018FY. Such increase was attributable mainly to the optimization of product structure and the launch of new products with high gross profit margin. Furthermore, the decrease in cost of some of the key packaging materials as compared with that of the previous year, also had an impact on the increase in the gross profit margin of this segment.

Snack foods

In 2019FY, the gross profit margin of snack foods segment was 48.4%, representing an increase of 3.7 percentage points as compared with that of the previous year. The increase was attributable mainly to the launch of new products with high gross profit margin and optimization of product structure.

DISTRIBUTION COSTS

The distribution costs for 2019FY amounted to RMB2,791.1 million, representing a decrease of RMB193.6 million or 6.5% as compared with that of 2018FY. Distribution costs as a percentage of revenue decreased by 0.5 percentage point to 13.9%, among which, labour costs as a percentage of revenue decreased by 0.3 percentage point to 5.4% as compared with that of 2018FY and advertising and promotion expenses as a percentage of revenue decreased by 0.2 percentage point to 2.9% as compared with that of 2018FY, which were mainly due to the continuous efficiency improvement of its sales staff and the efficient and effective use of resources through systematic and precise data management.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for 2019FY amounted to RMB2,485.4 million, representing an increase of RMB147.3 million or 6.3% as compared with that of 2018FY. Administrative expenses as a percentage of revenue was 12.4%, representing an increase of 1.1 percentage points from that of 2018FY. This was mainly attributable to the increase in research and development expenses as a result of the implementation of the brand and product diversification strategies. In addition, the adjustment in employees' salaries also had an impact.

OPERATING PROFIT

Owing to the increase in gross profit margin in 2019FY, the operating profit of the Group increased by RMB219.5 million to RMB4,805.9 million, representing an increase of 4.8% as compared with that of 2018FY. The operating profit margin increased by 1.8 percentage points to 23.9% as compared with that of the previous year.

INCOME TAX EXPENSE

The Group's income tax expense for 2019FY was RMB1,412.5 million, and the income tax rate, which was the same as that of 2018FY, was 28.0%.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company for 2019FY amounted to RMB3,649.2 million, representing an increase of 5.0% as compared with that of 2018FY. The margin of profit attributable to equity holders of the Company increased by 1.4 percentage points to 18.2%.

LIQUIDITY AND CAPITAL RESOURCES

Cash and borrowings

We finance our operations and capital expenditure primarily by cash flows generated from internal operations as well as banking facilities provided by our principal bankers. As at 31 March 2020, our bank and deposits balances amounted to RMB17,256.9 million (31 March 2019 (Restated): RMB17,160.4 million), in which, RMB accounted for approximately 96.5%, being approximately RMB16,648.0 million, representing an increase of RMB96.5 million as compared with that as at 31 March 2019.

As at 31 March 2020, our total borrowings amounted to RMB8,880.7 million (31 March 2019 (Restated): RMB9,517.4 million), representing a decrease of RMB636.7 million as compared with that as at 31 March 2019. Short-term borrowings amounted to RMB587.1 million (31 March 2019 (Restated): RMB1,743.9 million), representing a decrease of RMB1,156.8 million as compared with that as at 31 March 2019, and long-term borrowings, including the guaranteed bonds issued, increased by RMB520.1 million to RMB8,293.6 million (31 March 2019 (Restated): RMB7,773.5 million).

As a result, as at 31 March 2020, net cash of the Group amounted to RMB8,376.3 million (31 March 2019 (Restated): RMB7,643.1 million), representing an increase of 9.6% as compared with that as at 31 March 2019.

In April 2017, the Group issued 5-year term guaranteed bonds with a face value of US$500.0 million and a coupon rate of 2.875% (the "Bonds"). As at 31 March 2020, the balance of the Bonds payable amounted to US$496.4 million (31 March 2019: US$494.8 million).

In June 2018, the Group issued private placement notes in an amount of RMB500.0 million for a term of 1 year with coupon rate of 5.4% per annum ("Private Placement Notes") in the interbank market of the People's Republic of China. The Private Placement Notes were fully settled at maturity in June 2019.

The Group's net gearing ratio (total borrowings net of cash and cash equivalents as a ratio of total equity (excluding non-controlling interests)) as at 31 March 2020 was -0.55 time (31 March 2019 (Restated): -0.50 time). At present, we maintain sufficient cash and available banking facilities for our working capital requirements and for capitalizing on any potential investment opportunities in the future. The management will from time to time make prudent financial arrangements and decisions to address changes in the domestic and international financial environment.

Cash flow

For 2019FY, our cash and cash equivalents increased by RMB96.5 million. Among which, RMB4,845.3 million of net cash inflow was generated from our operating activities, representing an increase of 11.3% as compared with that of 2018FY. Net cash outflow for financing activities was RMB4,490.3 million, consisting mainly of dividend payments of RMB3,100.5 million and net cash outflow for repayments of borrowings of RMB1,094.9 million. The net cash outflow for investment activities was RMB291.9 million.

Capital expenditure

For 2019FY, our total capital expenditure amounted to RMB296.1 million (2018FY: RMB381.8 million). We spent approximately RMB103.9 million, RMB74.78 million and RMB55.78 million for expansion of factory buildings and facilities including plant and equipment and upgrade of some of the old plant and production facilities for the three key product segments (i.e. rice crackers, dairy products and beverages and snack foods) respectively to prepare for the further growth of the Group. The remaining capital expenditure was made mainly for the purpose of adding facilities for information technology, packaging, etc.

The above capital expenditure was financed mainly by our internally generated cash flows and banking facilities.

Inventory analysis

Our inventory consists primarily of finished goods, goods in transit and 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 for the year ended 31 March 2020 and for the year ended 31 March 2019:

	For the year ended 31 March 2020	For the year ended 31 March 2019 (Restated)
Inventory turnover days	**90**	80

As at 31 March 2020, the inventory balance amounted to RMB2,746.2 million (31 March 2019 (Restated): RMB2,387.7 million).

As sales of the Group was adversely affected by the pandemic during the fourth quarter of 2019FY, the inventory turnover slowed down slightly. With the gradual recovery of the sales momentum, the working capital efficiency has also gradually returned to normal.

Trade receivables

Our trade receivables represent the receivables from our credit sales to customers. The terms of credit granted to our customers are usually 60 to 90 days. Our sales to most of the customers in China are conducted on a cash-on-delivery basis. We only grant credit to customers in our modern distribution channels and certain emerging channels, which then on-sell our products to end-consumers of the Group.

The following table sets forth the number of our trade receivables turnover days for the year ended 31 March 2020 and for the year ended 31 March 2019:

	For the year ended 31 March 2020	For the year ended 31 March 2019 (Restated)
Trade receivables turnover days	**17**	19

Trade payables

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

The following table sets forth the number of our trade payables turnover days for the year ended 31 March 2020 and for the year ended 31 March 2019:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Trade payables turnover days	**37**	37

Pledge of assets

As at 31 March 2020, none of the assets of the Group was pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

For 2019FY, our average number of employees was approximately 42,572, representing a decrease of 3,528 employees as compared with the average number of employees for the year ended 31 March 2019. This was mainly due to the enhancement of production automation and the improvement of the sales management efficiency which led to a reduction in the demand for corresponding personnel. Our total remuneration expenses for 2019FY amounted to RMB3,839.8 million, representing a decrease of 4.4% as compared with that of 2018FY. The remuneration package of our employees includes fixed salary, commissions and allowances (where applicable), and performance-based year-end bonuses having regard to the performance of the Group and that of the individual staff.

Our Group always concerns about the skills of our employees and has invested significant amount of resources in continuing education and training programmes for our employees. Training programmes, both external and internal, are provided to relevant staff as and when required to constantly improve their professional knowledge and skills.

FOREIGN EXCHANGE RISKS

The presentation currency of the Group is RMB, but the Company's functional currency is still USD. More than 90% of our operating activities are conducted in mainland China. Our China subsidiaries' functional currency is RMB. The Group's foreign exchange risks arise mainly from procurement of raw materials and equipment from overseas, overseas dividend payments and certain recognised assets and liabilities.

As procurement of raw materials and equipment from overseas and USD denominated borrowings of the Group are mainly recognised in the financial statements of the subsidiaries of the Group whose functional currency are USD, the assets and liabilities subject to foreign exchange risks are minimal and the relevant risk exposure after offsetting is not significant. As such, RMB does not have a significant impact on exchange gains and losses presented on the "Other gains – net" section of the consolidated income statement. During the year, the Group did not hedge against its foreign exchange risks.

DIVIDENDS

The Board recommended the payment of a final dividend of US2.42 cents per share for the 2019FY, amounting to approximately US$300 million (equivalent to approximately RMB2,125 million). In addition, taking into account the actual financial situation of the Group, the Board recommended the payment of a special dividend of US1.10 cents per share for the 2019FY, amounting to approximately US$137 million (equivalent to approximately RMB967 million). The total amount of the above proposed final dividend and special dividend would amount to approximately US$437 million (equivalent to approximately RMB3,092 million). Including the interim dividend of US0.64 cent per share, totaled US$79 million (equivalent to RMB557 million) paid in December 2019, the total amount of proposed dividends for 2019FY would be US4.16 cents per share and the total amount would be approximately US$516 million, representing an increase of 21% as compared with the total amount of dividend paid for the year ended 31 March 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company comprises five independent non-executive Directors, namely Mr. Toh David Ka Hock (chairman), Dr. Pei Kerwei, Mr. Hsieh Tien-Jen, Mr. Lee Kwok Ming and Mr. Pan Chih-Chiang.

The audit and risk management committee has reviewed with the management and our Group's external auditor the accounting principles and practices adopted by our Group and discussed internal control and financial reporting matters for the year ended 31 March 2020. The audit and risk management committee has also reviewed the financial results for the year ended 31 March 2020.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures contained in the preliminary announcement of our Group's results for the year ended 31 March 2020 have been agreed by our Group's external auditor, PricewaterhouseCoopers, to the figures set out in our Group's consolidated financial statements for the year ended 31 March 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements, or the 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 PRACTICES

The Company had, throughout the year ended 31 March 2020, complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviations from the code provisions A.2.1 and A.4.1. The reasons for these deviations are explained below.

Code provision A.2.1

Code provision A.2.1 provides that the roles of chairman and chief executive 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. Mr. Tsai is the founder of our Group and has over 40 years of experience in the 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 Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies. The Group shall nevertheless review the structure from time to time in light of the prevailing circumstances.

Code provision A.4.1

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. Our Company deviates from this provision because the non-executive Directors and independent non-executive Directors of the Company do not currently have specific terms of appointment. However, the articles of association of the Company provide that all the 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 CG Code.

The Company will periodically review and improve our 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. Specific enquiries have been made with our Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2020.

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

During the year ended 31 March 2020, the Company repurchased a total of 34,103,000 shares on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") for an aggregate amount (excluding expenses) of HK$209,266,211 and such repurchased shares were cancelled. Particulars of the shares repurchased on the HK Stock Exchange during the period are as follows:

Month of repurchases	Total number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate amount paid (excluding expenses)
		(HK$)	*(HK$)*	*(HK$)*
April 2019	160,000	6.19	6.14	984,912
May 2019	26,490,000	6.22	5.94	161,337,440
October 2019	7,453,000	6.35	6.18	46,943,859
	34,103,000			209,266,211

The Directors of the Company believe that the above repurchases are in the best interests of the Company and its shareholders and that such repurchases would lead to an enhancement of the earnings per share of the Company.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including the "Bonds") of the Company during the year ended 31 March 2020 and up to the date of this announcement.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of our Company (the "AGM") be held on 18 August 2020. The notice of the AGM will be published on our Company's website and sent to the shareholders of our Company in due course.

In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 12 August 2020, for the purpose of effecting the share transfers. The register of members of the Company will be closed from 13 August 2020 to 18 August 2020 (both dates inclusive).

PROPOSED DIVIDENDS AND BOOK CLOSURE FOR ENTITLEMENT OF THE PROPOSED DIVIDENDS

The Board has recommended the payment of a final dividend of US2.42 cents per share and a special dividend of US1.10 cents per share in respect of the year ended 31 March 2020. Subject to the approval of shareholders at the AGM, the proposed final and special dividends will be paid on or about 9 September 2020. Shareholders registered under the principal register of members in the Cayman Islands will automatically receive their dividends in US dollars while shareholders registered under the Hong Kong branch register of members will automatically receive their dividends in Hong Kong dollars. The Hong Kong dollars final and special dividends will be calculated with reference to the exchange rate of US dollars against Hong Kong dollars on 18 August 2020, being the date of the AGM on which such dividends will be proposed to the shareholders of the Company for approval.

In order to qualify for the entitlement to the above mentioned final and special dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 21 August 2020, for the purpose of effecting the share transfers. The register of members of the Company will be closed from 22 August 2020 to 26 August 2020 (both dates inclusive).

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

Hong Kong, 16 June 2020

As at the date of this announcement, the executive Directors are Mr. TSAI Eng-Meng, Mr. TSAI Shao-Chung, Mr. TSAI Wang-Chia, Mr. HUANG Yung-Sung, Mr. CHU Chi-Wen, Mr. TSAI Ming-Hui and Ms. LAI Hong Yee; the non-executive Directors are Mr. LIAO Ching-Tsun, Mr. MAKI Haruo and Mr. CHENG Wen-Hsien; and the independent non-executive Directors are Mr. TOH David Ka Hock, Dr. PEI Kerwei, Mr. HSIEH Tien-Jen, Mr. LEE Kwok Ming and Mr. PAN Chih-Chiang.