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 2021

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2021	2020	Change
Key income statement items	***RMB'000***	*RMB'000*	*%*
Revenue	**21,998,400**	20,094,531	+9.5
Gross profit	**10,605,524**	9,655,032	+9.8
Operating profit	**5,736,178**	4,805,934	+19.4
EBITDA[1]	**6,677,855**	5,711,832	+16.9
Profit attributable to equity holders of the Company	**4,157,809**	3,649,215	+13.9
Key financial ratios	***%***	*%*	*% point*
Gross profit margin	**48.2**	48.0	+0.2
Operating profit margin	**26.1**	23.9	+2.2
EBITDA margin	**30.4**	28.4	+2.0
Margin of profit attributable to equity holders of the Company	**18.9**	18.2	+0.7

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 2021 ("2020FY") together with the comparative figures for the year ended 31 March 2020 ("2019FY") as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2021

	Note	Year ended 31 March 2021 *RMB'000*	2020 *RMB'000*
Revenue	3	**21,998,400**	20,094,531
Cost of sales		**(11,392,876)**	(10,439,499)
Gross profit		**10,605,524**	9,655,032
Distribution costs		**(2,765,622)**	(2,791,063)
Administrative expenses		**(2,713,428)**	(2,485,415)
Other income		**320,586**	418,700
Other gains – net	4	**289,118**	8,680
Operating profit		**5,736,178**	4,805,934
Finance income		**469,161**	558,767
Finance costs		**(208,379)**	(312,558)
Finance income – net		**260,782**	246,209
Share of losses of associates		**(2,118)**	(3,354)
Profit before income tax		**5,994,842**	5,048,789
Income tax expense	5	**(1,847,161)**	(1,412,546)
Profit for the year		**4,147,681**	3,636,243
Profit attributable to:			
– Equity holders of the Company		**4,157,809**	3,649,215
– Non-controlling interests		**(10,128)**	(12,972)
		4,147,681	3,636,243
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share	6	**RMB33.83 cents**	RMB29.38 cents
Diluted earnings per share	6	**RMB33.83 cents**	RMB29.38 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	Year ended 31 March	
		2021	2020
		RMB'000	*RMB'000*
Profit for the year		**4,147,681**	3,636,243
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**134**	4,763
Change in value of financial assets at fair value through other comprehensive income		**11,486**	(7,765)
Items that may be reclassified to profit or loss			
Currency translation differences		**571,242**	(399,607)
Other comprehensive income for the year		**582,862**	(402,609)
Total comprehensive income for the year		**4,730,543**	3,233,634
Attributable to:			
– Equity holders of the Company		**4,738,608**	3,247,662
– Non-controlling interests		**(8,065)**	(14,028)
Total comprehensive income for the year		**4,730,543**	3,233,634

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Note	**31 March 2021**	31 March 2020
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**6,335,441**	6,770,980
Investment properties		**36,414**	37,944
Intangible assets		**11,169**	13,027
Investments in associates		**13,307**	15,425
Deferred income tax assets		**373,767**	287,536
Financial assets at fair value through other comprehensive income		**92,935**	31,761
Right-of-use assets		**1,098,451**	1,062,289
Long-term bank time deposits		**2,850,000**	–
Total non-current assets		**10,811,484**	8,218,962
Current assets			
Inventories		**2,528,819**	2,746,167
Trade receivables	8	**920,032**	846,744
Prepayments, deposits and other receivables		**901,613**	756,190
Cash and bank balances		**16,081,070**	17,256,927
Total current assets		**20,431,534**	21,606,028
Total assets		**31,243,018**	29,824,990

	Note	**31 March 2021**	31 March 2020
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**1,821,152**	1,866,355
Reserves		**13,077,825**	13,406,327
		14,898,977	15,272,682
Non-controlling interests		**72,663**	81,532
Total equity		**14,971,640**	15,354,214
LIABILITIES			
Non-current liabilities			
Borrowings		**6,493,151**	8,293,566
Deferred income tax liabilities		**348,267**	214,378
Other non-current liabilities		**139,627**	74,281
Lease liabilities		**124,475**	67,034
Total non-current liabilities		**7,105,520**	8,649,259
Current liabilities			
Trade payables	9	**943,281**	1,093,092
Accruals and other payables		**2,931,890**	2,371,083
Contract liabilities	3(b)	**1,556,783**	1,584,651
Current income tax liabilities		**287,793**	133,728
Borrowings		**3,339,961**	587,085
Lease liabilities		**106,150**	51,878
Total current liabilities		**9,165,858**	5,821,517
Total liabilities		**16,271,378**	14,470,776
Total equity and liabilities		**31,243,018**	29,824,990

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") and its products are also sold to the North America, East Asia, 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 ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. 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 HKFRSs 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 policies and disclosures

(a) New standard, amendments and interpretation of HKFRSs adopted by the Group during the year ended 31 March 2021

A number of new or amended standards became applicable for the current reporting period. The Group assessed the adoption of these new and amended standards and concluded that they did not have a significant impact on the Group's results and financial position.

- Definition of Material – Amendments to HKAS 1 and HKAS 8
- Definition of a Business – Amendments to HKFRS 3
- Revised Conceptual Framework for Financial Reporting – Revised Conceptual Framework
- Interest Rate Benchmark Reform – Amendments to HKFRS 7, HKFRS 9 and HKAS 39
- COVID-19 – related Rent Concessions – Amendments to HKFRS 16

(b) *New standard, amendments and interpretation of HKFRSs issued but are not effective for the financial year beginning on 1 April 2020 and have not been early adopted by the Group*

Certain new and amended standards and interpretations are effective for annual periods beginning after 31 March 2021 and have not been early adopted in preparing these consolidated financial statements. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards and amendments		**Effective for annual periods beginning on or after**
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

3. 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 2021 and for the year ended 31 March 2020 are set out as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Rice crackers	**5,582,611**	5,611,414
Dairy products and beverages	**11,011,323**	9,813,411
Snack foods	**5,312,688**	4,634,188
Other products	**91,778**	35,518
Total revenue	**21,998,400**	20,094,531

The segment information for the year ended 31 March 2021 is as follows:

	Year ended 31 March 2021				
	Rice crackers *RMB'000*	**Dairy products and beverages** *RMB'000*	**Snack foods** *RMB'000*	**Other products** *RMB'000*	**Group** *RMB'000*
Segment results					
Revenue	**5,582,611**	**11,011,323**	**5,312,688**	**91,778**	**21,998,400**
Timing of revenue recognition					
At a point in time	**5,582,611**	**11,011,323**	**5,312,688**	**91,778**	**21,998,400**
Segment profit	**1,376,271**	**3,744,421**	**1,268,739**	**21,098**	**6,410,529**
Unallocated costs					**(674,351)**
Finance income – net					**260,782**
Share of losses of associates					**(2,118)**
Profit before income tax					**5,994,842**
Income tax expense					**(1,847,161)**
Profit for the year					**4,147,681**
Other segment items included in the income statement					
Depreciation of property, plant and equipment	**230,895**	**348,440**	**229,880**	**855**	**810,070**
Amortisation of right-of-use assets	**42,730**	**46,156**	**22,120**	**4,946**	**115,952**
Depreciation of investment properties	**–**	**–**	**–**	**1,200**	**1,200**
Unallocated depreciation and amortisiation of property, plant and equipment, right-of-use assets and intangible assets					**14,455**
Capital expenditure					
Capital expenditure by segments	**67,948**	**114,418**	**57,156**	**20,996**	**260,518**
Unallocated capital expenditure					**56,792**
Total Capital expenditure					**317,310**

Segment assets exclude cash and bank balances, long-term bank time deposits, 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 2021 are as follows:

	31 March 2021				
	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	**2,436,583**	**6,546,993**	**3,087,476**	**119,104**	**12,190,156**
Unallocated assets					**108,485**
Cash and bank balances					**16,081,070**
Long-term bank time deposits					**2,850,000**
Investments in associates					**13,307**
Total assets					**31,243,018**
Segment liabilities	**1,581,804**	**3,169,901**	**1,529,104**	**28,480**	**6,309,289**
Unallocated liabilities					**128,977**
Borrowings					**9,833,112**
Total liabilities					**16,271,378**

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 bank balances, 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 bank balances					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

(b) Liabilities related to contracts with customers

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

	31 March 2021 *RMB'000*	31 March 2020 *RMB'000*
Contract liabilities – rice crackers	**392,686**	440,608
Contract liabilities – dairy products and beverages	**780,703**	774,964
Contract liabilities – snack foods	**376,633**	366,074
Contract liabilities – others	**6,761**	3,005
	1,556,783	1,584,651

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

	For the year ended	
	31 March 2021	31 March 2020
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Rice crackers	**440,608**	307,834
Dairy products and beverages	**774,964**	528,480
Snack foods	**366,074**	277,981
Others	**3,005**	3,246
	1,584,651	1,117,541

The Group selected to choose to apply the practical expedient and not to disclose remaining performance obligations as all related contracts have a duration of one year or less.

4. Other gains – net

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gains	**(2,972)**	35,856
Donation expenses	**(20,484)**	(33,285)
Gains/(losses) on disposal of property, plant and equipment and land use rights	**230,137**	(8,152)
Income from long-term bank time deposits	**73,775**	–
Others	**8,662**	14,261
Total	**289,118**	8,680

5. Income tax expense

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Current income tax		
Current income tax on profits for the year	**1,568,502**	1,277,536
Deferred income tax		
Withholding tax on dividends from Chinese mainland subsidiaries	**365,000**	180,000
Origination and reversal of tax losses and temporary differences	**(86,341)**	(44,990)
Total	**1,847,161**	1,412,546

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 Chinese mainland are subject to Corporate Income Tax ("**CIT**") mainly at rate of 25% (during the year ended 31 March 2020: 25%) during the year ended 31 March 2021.

Enterprises incorporated in other places are subject to income tax at the prevailing rates of 0% to 30% during the year ended 31 March 2021 (during the year ended 31 March 2020: 0% to 30%).

6. 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	
	2021	2020
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company (RMB'000)	**4,157,809**	3,649,215
Weighted average number of ordinary shares in issue (thousands)	**12,288,575**	12,422,335
	RMB	RMB
Basic earnings per share	**33.83 cents**	29.38 cents

(b) Diluted

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

7. Dividends

	Year ended 31 March 2021 *RMB'000*	Year ended 31 March 2020 *RMB'000*
Interim dividend paid of US0.65 cent (for the year ended 31 March 2020: US0.64 cent) per ordinary share	**521,051**	557,138
Proposed final dividend of US1.46 cents (for the year ended 31 March 2020: US2.42 cents) per ordinary share (note (a))	**1,188,950**	2,125,530
Proposed special dividend of for the year ended 31 March 2020: US1.10 cents per ordinary share (note (b))	**–**	966,547
	1,710,001	3,649,215

(a) On 22 June 2021, the Board recommended the payment of a final dividend of US1.46 cents (for the year ended 31 March 2020: US2.42 cents) per ordinary share, totalling RMB1,188,950,000 (for the year ended 31 March 2020: RMB2,125,530,000) for the year ended 31 March 2021. The proposed final dividend in respect of the year ended 31 March 2021 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) For the year ended 31 March 2020, special dividend of US1.10 cents per ordinary share was recommended, totalling RMB966,547,000. The financial statements as at 31 March 2020 did not reflect this dividend payable.

The dividends paid during the year ended 31 March 2021 amounted to RMB3,511,235,000, comprising the final dividend and special dividend of RMB2,990,184,000 for the year ended 31 March 2020 and the interim dividend of RMB521,051,000 for the year ended 31 March 2021, which were paid in September 2020 and December 2020 respectively.

8. Trade receivables

	31 March 2021 *RMB'000*	31 March 2020 *RMB'000*
Trade receivables		
– from third parties	**966,438**	886,717
– from related parties	**15,689**	15,494
	982,127	902,211
Less: provision for impairment of trade receivables	**(62,095)**	(55,467)
Trade receivables, net	**920,032**	846,744

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 2020: 60 to 90 days).

As at 31 March 2021 and 31 March 2020, the ageing analysis of trade receivables based on invoice date is as follows:

	31 March 2021	31 March 2020
	RMB'000	*RMB'000*
Within 60 days	**386,828**	382,742
61-90 days	**316,862**	187,662
91-180 days	**202,668**	237,273
181-365 days	**30,926**	20,153
Over 365 days	**44,843**	74,381
Total	**982,127**	902,211

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.

9. Trade payables

	31 March 2021	31 March 2020
	RMB'000	*RMB'000*
Trade payables-to third parties	**943,281**	1,093,092

The ageing analysis of the trade payables as at 31 March 2021 and 31 March 2020 is as follows:

	31 March 2021	31 March 2020
	RMB'000	*RMB'000*
Within 60 days	**817,867**	985,783
61 to 180 days	**97,920**	82,972
181 to 365 days	**9,896**	11,584
Over 365 days	**17,598**	12,753
Total	**943,281**	1,093,092

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

CHAIRMAN'S STATEMENT

Dear shareholders:

Although the world is still wrestling with the uncertainties of COVID-19 pandemic along its path towards recovery, with the widespread use of vaccine, countries across the globe are gradually stepping out of the gloom and getting back on track. Thanks to its effective prevention and control of the pandemic, China will be best positioned to benefit from the recovery of economy and market demand, and will see abundant opportunities and growth momentum across all industries.

In 2020FY, under the spirit of "those who are brave are fearless and those who are strong are invincible" of all Want Want employees and customers, revenue and net profit attributable to equity holders of the Company increased by 9.5% and 13.9% as compared with those of 2019FY to RMB21,998 million and RMB4,158 million, respectively. In particular, operating profit increased by 19.4% year-on-year to RMB5,736 million. On behalf of the Board, I would like to express my most sincere gratitude to all our staff for their effort and dedication. The Company is prosperous and likewise are its employees.

As Want Want has numerous different product lines, production quality control has been our challenge all along, but this may also give rise to opportunities for future growth. In recent years, the management has been working hard on developing different new sales channels with the strategic objective of exploring consumers of different ages through a multi-brand strategy. These efforts have begun to take shape and yield results. In future, we will consolidate talents within the organization, take full advantage of both online and offline channels and leverage our existing resources in production and research and development, to launch more and more new products, so as to enable Want Want to continue to thrive and flourish, and by building on the solid foundation that it has already laid.

In face of the new normal state of consumption in the post-pandemic era, I ask our management to extend last year's "year of learning" into this year, and make strides towards the three major goals of "safety", "innovation" and "changes". Only a constant pursuit of perfection in product quality from inside out, will ensure that the reputation of the Want Want brand will remain high among generations of consumers. I consider that our top competitive advantage is consumers' trust in our products which we have earned over the years. Despite uncertainties along the path ahead, all our employees will do their best and strive for an excellent Want Want in the future.

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

22 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

Total revenue of the Group for 2020FY increased by 9.5% as compared with that of 2019FY, of which the revenues from dairy products and beverages as well as snack foods segments both achieved double-digit growth year-on-year, while all channels in mainland China achieved rapid growth. This was due mainly to the Group's constant pursuit of quality, which has built a foundation of trust from our consumers; our dynamic digital marketing, which has enhanced emotional exchange with consumers; as well as the development of diversified emerging channels coupled with the implementation of brand differentiation strategy by the Group. Notwithstanding the ever-changing external environment, the implementation of these strategies has enabled the Group to grow at a steady but accelerating pace.

(I) Intensive development and diversification of channels

1. Intensive development of traditional channels

Revenue from the traditional channels achieved a high-single-digit year-on-year growth rate in 2020FY, of which revenue from core products such as "Hot-Kid Milk", beverages, popsicles, and candies, each achieved double-digit growth. Revenue from the traditional channels has shown a gradual and steady growth trend since 2017FY (the financial period from 1 April 2017 to 31 March 2018), which was mainly attributable to:

(i) Empowerment of the development of distributors: the Group optimized its supply chain management, strictly managed and controlled the ageing of products, and optimized its distributor incentive policies. The Group also guided distributors to experiment with digital transformation, such as holding online live broadcast, which enabled distributors to reach consumers beyond the physical geographical boundaries, expand point-of-sales coverage and accelerate product flow.

(ii) Lean business management: the Group expanded the range of product offerings at end points of sales, improved the quality of specialty product displays to build benchmark stores, and utilized digital tools to improve management efficiency.

(iii) Differentiated sales and marketing strategies: the Company increased coverage of end points of sales for mature products and, at the same time, conducted targeted marketing and promotions for specialty new products.

2. Diversification of emerging channels

Emerging channels accounted for a high single-digit of the Group's total revenue for 2020FY and have maintained a strong growth momentum and become one of the key drivers for revenue growth for the Group in the medium and long-term. Diversified development of emerging channels can effectively complement the coverage of offline end points of sales and has also become a platform to showcase our products and communicate effectively with consumers. At present, the Group's emerging channels are operated in two models, B2C and B2B, according to the mode of transaction.

The B2C model includes our self-operated flagship stores on various e-commerce platforms, vending machines, and self-developed e-shopping mall, the Want Want official online store (旺仔旺鋪), theme stores and others. Through maintaining and managing a membership system, we have increased interaction with consumers and enhanced their awareness and trust in our brands. In 2020FY, the revenue generated from the B2C operation grew over 70% year-on-year. B2C operation has formed a complementary and mutually beneficial virtuous circle with the traditional channels and drove the steady revenue growth of the Group.

In addition to the cooperation with e-commerce platform providers and maternity channels, the Group has also developed OEM business and special channels extensively under the B2B model, fully leveraging the Group's advantage in terms of diversified products and production capacity. The OEM business enabled the Group to leverage its powerful strengths in R&D and production, boost the utilization rate of its production capacity and produce more high-quality products available for consumers to choose at online and offline stores.

3. Continuous development of overseas markets

Although the overseas sales in 2020FY were to some extent affected by the pandemic, the Group remains optimistic about the medium to long-term growth potential of overseas markets. In the future, the Group will continue to push on with the development of the overseas markets and local channels, and tailor our products to meet the demand of the local consumers (Chinese, mainstream, etc.). Our Vietnam production base is expected to commence operations in 2021FY (the financial year ending 31 March 2022). Meanwhile, we continue to establish overseas entities as planned. At present, entities in Vietnam and Thailand have already commenced operations and the Group will continue to set up overseas entities in other regions in the future.

(II) Brand and product differentiation strategy

Based on the characteristics of different age groups and different demands from consumers, the Group differentiated and launched a range of brands to serve consumers more precisely and extensively.

The brands successively launched by the Group included:

"Baby Mum-Mum" – a special brand of complementary foods for babies and toddlers
"Mr. Bond" (邦德) – a brand of novel beverages for youngsters
"Fix x Body" – a special brand for healthiness and nutrition
"Queen Alice" – a high-quality brand for female consumers
"Mr. Hot" – a customized brand for spicy lovers
"Shi Ji Yan" (食技研) – a new personalized brand
"Prime of Love" (愛至尊) – a brand of healthy nutritious products for middle-aged and elderly

The Group has also constantly rolled out products with new flavors and packaging and developed new products that meet the demands for healthy and nutritious products, novel packaging and unique flavors, satisfying the diverse needs of consumers. For example, the new products launched under the gummy series with special features such as fillings, layers and different levels of chewy textures were accompanied by the mesmerizing "Brother QQ" (QQ哥) video, which allowed the products to gain popularity rapidly. The "Want Want Dongchi" (旺旺凍痴), with unique recipe and packaging, has become the star of "room temperature" ice-cream, and the new flavor – "Hot-Kid Milk Flavor" (旺仔牛奶味) has become influential online and received recommendations throughout the Internet. In addition, the "little crayfish" puffed food under the rice cracker segment received a remarkable response after its first launch through e-commerce channels and gained popularity among young consumers.

(III) Extensive and diversified digital marketing

Through organizing extensive and creative digital marketing activities, the Group passed on the brand value of "health, happiness, vitality". We started with consumer as our core and worked with marketing mediums which have attracted extensive consumers' attention to deliver diversified marketing content and to strengthen our brand image. We built a comprehensive "Want Want fan ecosystem" loop through integration of brand building and channel marketing to support our channel and product development. Through means such as KOL's (Key Opinion Leaders) recommendation, live broadcast and cross-industry collaboration, the Group continued to strengthen consumers' awareness of the brands and products of Want Want and direct them to other channels.

1. Brand IP enhancement and creative product marketing

The Group emphasized on products' characteristics and selling points in marketing and promotion when launching new products to the market. With the theme of "no fear for the melting summer", the "Want Want Dongchi Integrated Marketing" (旺旺凍痴整合營銷) campaign promoted the sales of our popsicle product series through mesmerizing, auto-tuned videos on various self-media platforms and recommendations by external KOLs (Key Opinion Leaders). The "Want Want Tiao Dou OTV – Can't Resist Beans Series" (旺旺挑豆OTV – 真經不起挑豆系列) and the "Different Levels of Chewy Textures of Hot-Kid QQ Gummy" (旺仔QQ糖咬感分級) campaigns highlighted our products' characteristics to consumers through mesmerizing and brain-washing marketing videos. The "Whoops! Why Is It So Delicious" (哎呦！怎麼這麼好吃) campaign involved the setting up of a virtual food academy in collaboration with Bilibili and Weibo, which were popular among Generation Z, with virtual characters loved by young consumers to get these consumers to know Want Want's products.

The Group strengthened the Want Want brand through cross-industry collaboration and building of brand IP. During the pandemic, the Group rolled out the inspiring "Hot-Kid Milk Occupational Cans" to pay tribute to those who were fighting on the frontlines of the pandemic. The Group also collaborated with NetEase Music and launched a campaign of earning "Yunbei" (雲貝) by listening to music online, which could then be redeemed for snacks at Want Want vending machines offline. The project won the "12th Golden Mouse Digital Marketing Contest – Cross-Industry Joint Marketing – Gold Award".

2. Building of Want Want Fan Ecosystem

In recent years, the Group has continued to deliver high-quality content on popular social media platforms to accumulate incremental fans and strengthen Want Want's influence, while leveraging on the effectiveness of advertising on those platforms to promote our brands and products, thereby bringing sales and increasing brand awareness. The Group has focused on consumer-centric experience and strived to build up a pool of Want Want fans through the Hot-Kid Club, amid integrating channels and social platforms, in an effort to establish an ecosystem of Want Want fans to increase users' loyalty and enhance channel development.

(IV) Improved operation and management through digitalisation

The Group will enhance inter-regional coordination and response capabilities through digitalization and continuously optimize production layout and supply chain management to improve its overall production efficiency. The Group's factory in Jiangxi specializing in production of complementary foods for infants and young children was officially put into production in 2020 and was the first factory in the country to receive certification for rice crackers complementary food. The Group promoted accurate marketing and optimized customer experience through the use of big data and analysis, enhanced sensitivity to market opportunities, and improved efficiency of channel and sales management. The Group also empowered upstream suppliers and downstream distributors through digitalization to create vertical synergy. In the future, the Group will further open up the upstream and downstream digital chains to drive efficient operations and management.

REVENUE

Benefiting from the effective implementation of business strategies, total revenue of the Group for 2020FY grew by 9.5% as compared with that of 2019FY, reaching RMB21,998.4 million. Of which, revenue from the rice crackers segment slightly decreased by 0.5% due to impact of the pandemic both in mainland China and abroad. Revenue from the dairy products and beverages segment grew by 12.2% year-on-year and at a much faster rate in the second half of the year. Revenue from snack foods segment grew by 14.6% year-on-year, with double-digit growth in both the first and second half of the year.

The three key product segments maintained a balanced development trend, with the rice crackers and snack food segments together accounted for 49.5% and the dairy products and beverages segment accounting for 50.1% of our total revenue for 2020FY.

Rice crackers

Isolated outbreaks of the pandemic in various places of China before the 2021 Spring Festival brought uncertainty to sales and affected the delivery pace of gift packs. Meanwhile, pandemic outbreak abroad dampened the development of overseas businesses and sales. Gift packs and overseas sales, in aggregate, accounted for approximately 35% of the total revenue of the rice crackers segment in 2020FY, and their aggregate revenue decreased by mid-to-high single digit year-on-year. As a result, revenue from the rice crackers segment for 2020FY decreased by 0.5% year-on-year to RMB5,582.6 million. Among which, revenue from the core-brand rice crackers amounted to RMB4,404.6 million, representing a year-on-year increase of 1.8%.

However, the pandemic boosted the expansion of the rice crackers business in emerging channels. Through setting up channels such as e-commerce channels, special channels, vending machines and Want Want official online store (旺仔旺鋪), we expanded coverages of end points of sales and enhanced our interaction with young consumers.

The Group continued to optimize the taste and upgrade the packaging of our products, enhance their healthiness and taste and increase consumers' desire to purchase. The newly launched salty egg yolk and cheese flavored rice cracker rolls were made from carefully selected coarse grain corn and rich and mellow rice, with a solid rice aroma wrapped in sweet milk flavor, and came with a crunchy texture suitable for all ages. The upgraded packaging with vibrant colors made it suitable for display at retail outlets catching the eye of consumers.

In 2021FY, we plan to launch more new flavors and packaging for our rice crackers to meet the demand for innovation and changes in the consumer market. For gift pack products, "roasted nuts" gift packs are in the pipeline to be launched to meet the consumers' demands for items in many more other sub-categories.

Dairy products and beverages

The dairy products and beverages segment registered a revenue of RMB11,011.3 million in 2020FY, representing a year-on-year growth of 12.2%. The "Hot-Kid Milk", which accounted for over 90% of the revenue from the dairy products and beverages segment, grew by 11.3% year-on-year in 2020FY and the growth further accelerated at a mid-teen growth rate in the second half of the year. In addition, double-digit growth rates were achieved across all channels in the mainland China. The beverages and other sub-categories achieved a year-on-year growth of 29.5%.

Digital marketing helped to enhance our brand image. The Group launched various digital marketing campaigns, such as the launch of the uniquely designed Hot-Kid Milk Occupational Cans, posting "Vlog" videos that document the hardships across industries and crossover co-branding with takeaway platforms and delivery companies to pay tribute to every occupational group who strives hard for their dreams. We conducted a "light show" with the theme of "Working Together From the Heart, Prosperity for Everyone", which brought magnificent visual spectacle. Complemented with online and offline diversified marketing to strengthen consumers' recognition and loyalty to our Want Want brand and Hot-Kid Milk, the campaign attracted 1.85 billion page views.

Our multi-channel development strategy maximized coverage of consumers under different contexts and drove double-digit growth across all channels in the mainland China. Through the implementation of regional product development strategy and business incentive strategy, coupled with the development of catering, special and other channels, the market coverage of our products was enhanced.

Through the introduction of new products, our product range has become more and more diversified. In order to satisfy the needs of the young generation for various flavors of milk, the Group developed and launched a new series of flavored milk products, the Hot-Kid Chocolate Milk came with a better and richer flavor, using dairy ingredient imported from New Zealand and imported cocoa powder, the Nut Milk extended its reach from consumers aged 6-12 years to junior and senior high school students as nuts are considered as having high nutritional value and beneficial to intellectual development, thereby expanding the consumer age groups of our Hot-Kid branded dairy products. Benefiting from the intensive market cultivation and control over pace of sales across all channels, revenue from the beverage segment achieved a rapid growth of 29.5% year-on-year in 2020FY, with the emerging channels doubling their revenue.

In 2021FY, the Group will continue to further its market cultivation and expand its product portfolios, along with customer incentive policies as well as online and offline marketing efforts in a bid to raise product awareness and drive sales and boost the performance of the dairy products and beverage segment.

Snack foods

In 2020FY, revenue from the snack foods segment amounted to RMB5,312.7 million, representing a year-on-year increase of 14.6%, of which, revenue from popsicles, candies, and beans, jellies and others increased by 24.3%, 16.5%, and 9.1% respectively. Traditional channels achieved double-digit growth year-on-year while revenue from emerging channels and overseas markets achieved breakthrough growth as a result of further development of products in emerging channels and overseas markets.

Due to the relatively low base of comparison as a result of the unfavourable weather conditions in 2019FY, revenue from the popsicles sub-category grew by 24.3% year-on-year in 2020FY. Revenue from traditional channels grew by double-digit year-on-year, while revenue from emerging channels was more than two times that of 2019FY as a result of our efforts in developing online sales and launching new products. Diversified digital marketing and social media promotion enhanced consumers' awareness of our products. Expansion to cold drink customers increased the market coverage of our products. Our new product, Dongchi (凍痴), being packaged and served in a unique way along with a variety of popular flavors, for example, the new "Hot-Kid Milk Flavor" that was launched in 2020FY was well received by the post-90s and post-00s consumer groups, achieving a milestone of selling 100 million pieces in 2020FY.

Benefiting from product upgrades, development of new flavors, and diversified channel expansion, revenue from the candies sub-category increased by 16.5% year-on-year. The upgraded Hot-Kid QQ gummy achieved satisfactory results in selected regions through policy incentives. An upgrade of the Hot-Kid Milk chewy, the Hot-Kid Tea Milk chewy, enriched with real tea powder, is a perfect blend of tea aroma and mellow milk. It came with a special milk tea cup-shaped bag to cater for the present "milk tea boom" and attracted young people to consume and to recommend spontaneously. The first gummy gift pack was launched in the Spring Festival to satisfy consumers' demand for a variety of flavors and was well received by consumers. Meanwhile, candies business also achieved good results in terms of emerging channels and overseas market development.

In 2020FY, revenue from the beans, jellies and other sub-category continued to grow positively as we enriched our product range through intensive development of high-potential products as well as active development of new packaging and flavors. In particular, beans products achieved double-digit revenue growth. New products under the beans sub-category, pepper beans (椒麻豆果) and garlic beans (蒜片豆果), a perfect combination of the small crisps (小小酥) and chili crisps (辣椒酥) with the bean products, tempt the taste buds of consumers and present an appetizing imagery. The two new Want Want "Soft Pudding" (旺旺嫩布丁) with avocado flavor and lactobacillus flavor, featuring selected real avocado jam and whey ferment to satisfy consumers' health-conscious aspirations and allow them to enjoy a delicious yet healthy treat.

COST OF SALES

The cost of sales of the Group for 2020FY amounted to RMB11,392.9 million, representing a year-on-year increase of 9.1% which was in line with the Group's revenue growth of 9.5%. In addition, benefiting from the diversification of raw materials and packaging materials, the overall unit cost of production remained relatively stable on a year-on-year basis. However, future price increase in major raw materials, such as milk powder, packaging materials, etc. would have an impact on our costs.

GROSS PROFIT

The gross profit margin of the Group for 2020FY increased by 0.2 percentage point to 48.2% as compared with that of the previous year. Gross profit amounted to RMB10,605.5 million, representing a year-on-year increase of 9.8%. This was due mainly to the topline increase by 9.5%. In addition, the brands and products sold through the rapidly expanding emerging channels were distinctive and enjoyed higher profitability, boosting the Group's overall gross profit margin level. The Group will continue to optimize the layout planning and the automation level of its production lines to further enhance the production efficiency and maintain healthy profitability of its products.

Rice crackers

The gross profit margin of rice crackers segment was 46.1% for 2020FY, remained at the same level as that of 2019FY. Moving forward, the Group will continue to optimize its production cost structure through optimization of the production line layout and the promotion of automation.

Dairy products and beverages

The gross profit margin of the dairy products and beverages segment was 49.6% for 2020FY, representing an increase of 0.6 percentage point as compared with that of 2019FY. This was due mainly to a slight decrease in the prices of certain key raw materials over the previous year, coupled with an improvement in product profitability resulting from new product launch and channel expansion.

Snack foods

The gross profit margin of the snack foods segment was 47.7% for 2020FY, representing a year-on-year decrease of 0.7 percentage point. This was due mainly to a slight increase in the costs of some major packaging materials and raw materials as compared with those of the same period in the previous year. The Group will continue to optimize its product mix, launch new products with high gross profit margins and increase the utilization rate of its production facilities to maintain a healthy profitability of snack foods segment.

DISTRIBUTION COSTS

The distribution costs for 2020FY amounted to RMB2,765.6 million, representing a decrease of RMB25.44 million or 0.9% as compared with those of 2019FY. Distribution costs as a percentage of revenue decreased by 1.3 percentage points year-on-year to 12.6%. Among which, staff costs as a percentage of revenue decreased by 0.9 percentage point to 4.5% as compared with those of 2019FY, due mainly to the combined effect of the increase in revenue and the decrease in the number of sales representatives. Transportation expense to revenue ratio was 4.0%, remaining at the same level as that of 2019FY. Advertising and promotion expenses as a percentage of revenue also decreased by 0.4 percentage point to 2.5% as compared with those of 2019FY, due mainly to the suspension of some of the advertising activities in the first half of the year as a result of the pandemic. The Group will continue to monitor its marketing cost efficiency.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for 2020FY amounted to RMB2,713.4 million, representing an increase of RMB228.0 million or 9.2% as compared with those of 2019FY. It was due mainly to the increase in research and development expenses and the increase in employees' salaries. Administrative expenses as a percentage of revenue was 12.3%, basically remained at a similar level as those of 2019FY.

OPERATING PROFIT

The Group's operating profit for 2020FY amounted to RMB5,736.2 million, representing a year-on-year increase of RMB930.2 million or 19.4%. The operating profit margin increased by 2.2 percentage points year-on-year to 26.1%, which was due mainly to improved operating leverage and efficiency as a result of revenue growth and better expenses management.

INCOME TAX EXPENSE

The Group's income tax expense for 2020FY amounted to RMB1,847.2 million, and the income tax rate was 30.8%, representing an increase of 2.8 percentage points as compared with that for 2019FY. It was due mainly to the Group's plan to use its internal funds to meet the possible funding needs for repayment of bank borrowings and the maturing bonds due 2022 and overseas market development in 2021FY. Therefore, the Group increased the amount of withholding tax provision for subsequent profit distribution from the subsidiaries.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company for 2020FY amounted to RMB4,157.8 million, representing an increase of 13.9% as compared with that of 2019FY. The margin of profit attributable to equity holders was 18.9%, representing a year-on-year increase of 0.7 percentage point.

LIQUIDITY AND CAPITAL RESOURCES

Cash and borrowings

As at 31 March 2021, the net cash of the Group (total cash and bank deposits (including long-term bank time deposits) net of total borrowings) amounted to RMB9,098.0 million (31 March 2020: RMB8,376.3 million), representing an increase of RMB721.7 million as compared with that as at 31 March 2020. This was due mainly to net cash generated from operating activities during the year amounted to RMB5,415.6 million. The Group still has sufficient cash reserves after payment of dividends (RMB3,511.2 million) and share repurchases (RMB1,601.1 million).

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 2021, our cash and bank deposits balance (including long-term bank time deposits of RMB2,850.0 million) amounted to RMB18,931.1 million (in which, RMB accounted for approximately 96.8%, being approximately RMB18,331.6 million), representing an increase of RMB1,674.1 million as compared with RMB17,256.9 million as at 31 March 2020, with a strong cash position.

As at 31 March 2021, our total borrowings amounted to RMB9,833.1 million (31 March 2020: RMB8,880.7 million), representing an increase of RMB952.4 million as compared with those as at 31 March 2020. Among which, short-term borrowings amounted to RMB3,340.0 million (31 March 2020: RMB587.1 million), representing an increase of RMB2,752.9 million as compared with those as at 31 March 2020; long-term borrowings, including the guaranteed bonds issued, amounted to RMB6,493.2 million (31 March 2020: RMB8,293.6 million), representing a decrease of RMB1,800.4 million as compared with those as at 31 March 2020.

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 2021, the balance of the Bonds payable amounted to US$498.1 million (31 March 2020: US$496.4 million).

The Group's net gearing ratio (total borrowings net of cash and bank deposits (including long-term bank time deposits) as a ratio of total equity (excluding non-controlling interests)) as at 31 March 2021 was -0.61 time (31 March 2020: -0.55 time). At present, the Group maintains sufficient cash and available banking facilities for its 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

A net cash inflow of RMB5,415.6 million was generated from our operating activities, representing a year-on-year increase of 11.8% as compared with that of 2019FY. Net cash outflow for financing activities was RMB3,633.9 million, consisting mainly of dividend payments of RMB3,511.2 million, cash outflow for share repurchases of RMB1,601.1 million and net borrowing inflow of RMB1,565.2 million. After taking into account the above operating and financing activities, net cash inflow was RMB1,781.7 million. The net cash outflow of investing activities was RMB2,914.2 million, after the placement of RMB2,850.0 million cash to long-term bank time deposits. As a result, the cash and cash equivalents as at 31 March 2021 were RMB16,081.1 million, plus long-term bank time deposits of RMB2,850.0 million, for a total of RMB18,931.1 million.

Capital expenditure

For 2020FY, our total capital expenditure amounted to RMB317.3 million (for the year ended 31 March 2020: RMB296.1 million). We spent approximately RMB67.95 million, RMB114.4 million, and RMB57.16 million on the expansion of factory buildings and facilities including plant and equipment, and upgrade of some of the old plant and production facilities for the rice crackers, dairy products and beverages, and snack foods segments, 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 and others.

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 2021 and for the year ended 31 March 2020:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventory turnover days	**85**	90

As at 31 March 2021, the inventory balance amounted to RMB2,528.8 million (31 March 2020: RMB2,746.2 million).

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 2021 and for the year ended 31 March 2020:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade receivables turnover days	**15**	17

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 2021 and for the year ended 31 March 2020:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade payables turnover days	**33**	37

Pledge of assets

As at 31 March 2021, none of the assets of the Group was pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

For 2020FY, our average number of employees was approximately 41,193, representing a decrease of 1,379 employees as compared with the average number of employees for the year ended 31 March 2020. It was mainly due to the enhancement of production automation and improvement of sales management efficiency which led to a reduction in the demand for corresponding personnel. Our total remuneration expenses for 2020FY amounted to RMB4,027.2 million, representing an increase of 4.9% as compared with that for 2019FY. 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.

Our Group always concerns about and has invested a significant amount of resources in continuing education and training programs for our employees. Training programs, both external and internal, are also 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 Chinese mainland 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 recognized assets and liabilities.

As procurement of raw materials and equipment from overseas and USD denominated borrowings of the Group are mainly recognized 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 US1.46 cents per share for the 2020FY, amounting to approximately US$176 million (equivalent to approximately RMB1,189 million). In December 2020, the Company paid an interim dividend of US0.65 cent per share for 2020FY, totaled approximately US$79 million (equivalent to approximately RMB521 million). Together with an amount of approximately US$240 million (equivalent to approximately RMB1,601 million) for share repurchases in 2020FY, the Group would have returned a total of approximately US$495 million (equivalent to approximately RMB3,311 million) to its shareholders, representing approximately 80% of the profit attributable to equity holders of the Company for 2020FY.

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 2021. The audit and risk management committee has also reviewed the financial results for the year ended 31 March 2021.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures contained in the preliminary announcement of our Group's results for the year ended 31 March 2021 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 2021. 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 2021, 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 2021.

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

During the year ended 31 March 2021, the Company repurchased a total of 338,260,000 shares on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") for an aggregate amount (excluding expenses) of HK$1,854,384,711 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$)*
August 2020	41,148,000	5.49	5.27	221,069,180
September 2020	99,724,000	5.51	5.19	535,963,961
October 2020	46,723,000	5.46	5.17	246,103,010
December 2020	54,852,000	5.63	5.34	300,241,710
January 2021	8,000,000	5.47	5.33	43,186,390
February 2021	43,813,000	6.04	5.52	250,653,620
March 2021	44,000,000	6.14	5.60	257,166,840
	338,260,000			1,854,384,711

Subsequent to the balance sheet date of 31 March 2021 and up to the date of this announcement, the Company repurchased a total of 51,684,000 shares on the HK Stock Exchange for an aggregate amount (excluding expenses) of HK$297,152,450. Such repurchased shares were subsequently cancelled. The number of issued shares of the Company as at the date of this announcement is 12,025,240,135 shares. Particulars of the shares repurchased on the HK Stock Exchange after the balance sheet date 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 2021	35,421,000	5.90	5.62	203,833,190
May 2021	16,263,000	5.79	5.60	93,319,260
	51,684,000			297,152,450

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 2021 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 17 August 2021. 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 11 August 2021, for the purpose of effecting the share transfers. The register of members of the Company will be closed from 12 August 2021 to 17 August 2021 (both dates inclusive).

PROPOSED DIVIDEND AND BOOK CLOSURE FOR ENTITLEMENT OF THE PROPOSED DIVIDEND

The Board has recommended the payment of a final dividend of US1.46 cents per share in respect of the year ended 31 March 2021. Subject to the approval of shareholders at the AGM, the proposed final dividend will be paid on or about 8 September 2021. 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 dividend will be calculated with reference to the exchange rate of US dollars against Hong Kong dollars on 17 August 2021, being the date of the AGM on which such dividend will be proposed to the shareholders of the Company for approval.

In order to qualify for the entitlement to the above mentioned final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 20 August 2021, for the purpose of effecting the share transfers. The register of members of the Company will be closed from 21 August 2021 to 25 August 2021 (both dates inclusive).

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

Hong Kong, 22 June 2021

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.