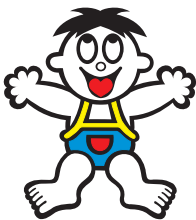


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# WANT WANT CHINA HOLDINGS LIMITED

## 中國旺旺控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0151)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

#### FINANCIAL HIGHLIGHTS

	Unaudited		
	Six months ended 30 September		
	2021	2020	Change
Key income statement items	RMB'000	RMB'000	%
Revenue	11,382,567	10,299,247	+10.5
Gross profit	5,323,416	4,963,652	+7.2
Operating profit	2,780,637	2,534,882	+9.7
Profit attributable to equity holders of the Company	2,090,045	1,952,396	+7.1
Key financial ratios	%	%	% point
Gross profit margin	46.8	48.2	-1.4
Operating profit margin	24.4	24.6	-0.2
Margin of profit attributable to equity holders of the Company	18.4	19.0	-0.6

1. The Group recorded total revenue of RMB11,382.6 million for the first half of 2021FY, representing an increase of 10.5% as compared with that of the corresponding period in the previous year, which is a record high in its first-half revenue since listing.
2. Revenue from its core product “Hot-Kid Milk” (旺仔牛奶) grew by 23.9%, and both the first and second quarters of the financial year achieved a year-on-year growth rate of more than 20%.
3. Emerging channels continued to maintain its rapid growth momentum and contributed nearly 10% to the revenue of the Group.
4. In the first half of 2021FY, revenue generated from the new products that were launched by the Group in 2018 and thereafter, in aggregate, accounted for nearly 10% of its total revenue.

The board (the “Board”) of directors (the “Directors”) of Want Want China Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (together, the “Group” or “Want Want”) for the six months ended 30 September 2021 (“first half of 2021FY”) together with the comparative figures for the six months ended 30 September 2020 (“first half of 2020FY”) as follows:

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

	Notes	Six months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	4	11,382,567	10,299,247
Cost of sales		(6,059,151)	(5,335,595)
<b>Gross profit</b>		<b>5,323,416</b>	4,963,652
Other gains/(losses) – net	5	39,011	(36,094)
Other income		205,313	161,268
Distribution costs		(1,426,776)	(1,249,863)
Administrative expenses		(1,360,327)	(1,304,081)
<b>Operating profit</b>		<b>2,780,637</b>	2,534,882
Finance income		188,259	270,119
Finance costs		(85,005)	(100,134)
Finance income – net		103,254	169,985
Share of losses of associates		(1,583)	(1,049)
<b>Profit before income tax</b>		<b>2,882,308</b>	2,703,818
Income tax expense	6	(798,520)	(757,127)
<b>Profit for the period</b>		<b>2,083,788</b>	1,946,691
<b>Profit attributable to:</b>			
Equity holders of the Company		2,090,045	1,952,396
Non-controlling interests		(6,257)	(5,705)
		<b>2,083,788</b>	1,946,691
<b>Earnings per share for profit attributable to equity holders of the Company</b>		<b>RMB Cents</b>	<b>RMB Cents</b>
Basic earnings per share	7	17.32	15.75
Diluted earnings per share	7	17.32	15.75

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 September 2021*

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>2,083,788</b>	<b>1,946,691</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<b>114,126</b>	283,868
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Change in value of financial assets at fair value through other comprehensive income	<b>22,204</b>	6,699
<b>Other comprehensive income for the period</b>	<b>136,330</b>	<b>290,567</b>
<b>Total comprehensive income for the period</b>	<b>2,220,118</b>	<b>2,237,258</b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	<b>2,222,906</b>	2,242,140
Non-controlling interests	<b>(2,788)</b>	(4,882)
	<b>2,220,118</b>	<b>2,237,258</b>

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2021

	Notes	30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,181,573	6,335,441
Investment properties		36,007	36,414
Intangible assets		10,219	11,169
Investments in associates		11,724	13,307
Deferred income tax assets		359,305	373,767
Financial assets at fair value through other comprehensive income		112,571	92,935
Right-of-use assets		1,077,144	1,098,451
Long-term bank deposits		3,601,000	2,850,000
<b>Total non-current assets</b>		<b>11,389,543</b>	<b>10,811,484</b>
<b>Current assets</b>			
Inventories		2,787,516	2,528,819
Trade receivables	9	987,812	920,032
Prepayments, deposits and other receivables		891,890	901,613
Cash and bank balances		13,795,216	16,081,070
<b>Total current assets</b>		<b>18,462,434</b>	<b>20,431,534</b>
<b>Total assets</b>		<b>29,851,977</b>	<b>31,243,018</b>

	Notes	30 September 2021 <i>RMB'000</i> (Unaudited)	31 March 2021 <i>RMB'000</i> (Audited)
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		1,801,626	1,821,152
Reserves		<u>13,497,114</u>	<u>13,077,825</u>
<b>Subtotal</b>		<b>15,298,740</b>	14,898,977
<b>Non-controlling interests</b>		<u>82,455</u>	<u>72,663</u>
<b>Total equity</b>		<u>15,381,195</u>	<u>14,971,640</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		4,819,566	6,493,151
Lease liabilities		98,712	124,475
Deferred income tax liabilities		268,607	348,267
Other non-current liabilities		<u>140,779</u>	<u>139,627</u>
<b>Total non-current liabilities</b>		<u>5,327,664</u>	<u>7,105,520</u>
<b>Current liabilities</b>			
Trade payables	10	1,276,586	943,281
Accruals and other payables		2,800,102	2,931,890
Contract liabilities		1,163,898	1,556,783
Current income tax liabilities		373,098	287,793
Borrowings		3,415,751	3,339,961
Lease liabilities		<u>113,683</u>	<u>106,150</u>
<b>Total current liabilities</b>		<u>9,143,118</u>	<u>9,165,858</u>
<b>Total liabilities</b>		<u>14,470,782</u>	<u>16,271,378</u>
<b>Total equity and liabilities</b>		<u><u>29,851,977</u></u>	<u><u>31,243,018</u></u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2021

## 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, Southeast 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.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This interim condensed consolidated financial information was approved by the Board of Directors for issue on 30 November 2021.

This interim condensed consolidated financial information has been reviewed, not audited.

## 2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2021.

## 3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16

*Interest Rate Benchmark Reform – Phase 2*

The revised standards have had no significant financial effect on the interim condensed consolidated financial information.

#### 4. 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, which is based on profit before income tax without allocation of unallocated costs, finance income – net and share of losses of associates. 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 segment information for the six months ended 30 September 2021 is as follows:

	Six months ended 30 September 2021 (unaudited)				
	Rice crackers <i>RMB'000</i>	Dairy products and beverages <i>RMB'000</i>	Snack foods <i>RMB'000</i>	Other products <i>RMB'000</i>	Group <i>RMB'000</i>
<b>Segment results</b>					
Revenue	<u>1,876,241</u>	<u>6,561,800</u>	<u>2,873,903</u>	<u>70,623</u>	<u>11,382,567</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>1,876,241</u>	<u>6,561,800</u>	<u>2,873,903</u>	<u>70,623</u>	<u>11,382,567</u>
Segment profit	254,820	2,282,352	578,586	13,965	3,129,723
Unallocated costs					(349,086)
Finance income – net					103,254
Share of losses of associates					(1,583)
Profit before income tax					2,882,308
Income tax expense					(798,520)
<b>Profit for the period</b>					<u>2,083,788</u>
<b>Other segment items included in the income statement</b>					
Depreciation of property, plant and equipment	113,624	171,990	113,257	304	399,175
Depreciation of right-of-use assets	14,118	38,419	18,449	4,115	75,101
Depreciation of investment properties	–	–	–	586	586
Unallocated depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets					7,655
<b>Capital expenditure</b>					
Capital expenditure by segments	51,363	83,083	34,842	7,004	176,292
Unallocated capital expenditure					36,788
<b>Total capital expenditure</b>					<u>213,080</u>



The segment assets and liabilities as at 30 September 2021 are as follows:

	<b>30 September 2021 (unaudited)</b>				
	<b>Rice crackers <i>RMB'000</i></b>	<b>Dairy products and beverages <i>RMB'000</i></b>	<b>Snack foods <i>RMB'000</i></b>	<b>Other products <i>RMB'000</i></b>	<b>Group <i>RMB'000</i></b>
<b>Segment assets and liabilities</b>					
Segment assets	2,054,827	6,956,119	3,190,432	128,578	12,329,956
Unallocated assets					114,081
Cash and bank balances					13,795,216
Long-term bank deposits					3,601,000
Investments in associates					11,724
<b>Total assets</b>					<b><u>29,851,977</u></b>
Segment liabilities	1,008,491	3,515,227	1,548,929	39,521	6,112,168
Unallocated liabilities					123,297
Borrowings					8,235,317
<b>Total liabilities</b>					<b><u>14,470,782</u></b>

The segment information for the six months ended 30 September 2020 is as follows:

	Six months ended 30 September 2020 (unaudited)				
	Rice crackers <i>RMB'000</i>	Dairy products and beverages <i>RMB'000</i>	Snack foods <i>RMB'000</i>	Other products <i>RMB'000</i>	Group <i>RMB'000</i>
<b>Segment results</b>					
Revenue	<u>1,992,268</u>	<u>5,315,003</u>	<u>2,951,974</u>	<u>40,002</u>	<u>10,299,247</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>1,992,268</u>	<u>5,315,003</u>	<u>2,951,974</u>	<u>40,002</u>	<u>10,299,247</u>
Segment profit	395,991	1,690,620	695,317	24,873	2,806,801
Unallocated costs					(271,919)
Finance income – net					169,985
Share of losses of associates					(1,049)
Profit before income tax					2,703,818
Income tax expense					(757,127)
<b>Profit for the period</b>					<u>1,946,691</u>
<b>Other segment items included in the income statement</b>					
Depreciation of property, plant and equipment	115,160	173,750	114,568	509	403,987
Depreciation of right-of-use assets	9,838	21,877	10,464	2,340	44,519
Depreciation of investment properties	–	–	–	615	615
Unallocated depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets					7,154
<b>Capital expenditure</b>					
Capital expenditure by segments	36,018	65,817	26,188	11,364	139,387
Unallocated capital expenditure					20,704
<b>Total capital expenditure</b>					<u>160,091</u>

The segment assets and liabilities as at 31 March 2021 are as follows:

	31 March 2021 (audited)				
	Rice Crackers <i>RMB'000</i>	Dairy products and beverages <i>RMB'000</i>	Snack foods <i>RMB'000</i>	Other products <i>RMB'000</i>	Group <i>RMB'000</i>
<b>Segment assets and liabilities</b>					
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 deposits					2,850,000
Investments in associates					13,307
<b>Total assets</b>					<b>31,243,018</b>
Segment liabilities	1,581,804	3,169,901	1,529,104	28,480	6,309,289
Unallocated liabilities					128,977
Borrowings					9,833,112
<b>Total liabilities</b>					<b>16,271,378</b>

#### 5. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 September	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Net foreign exchange losses	(2,820)	(14,073)
Donation expenses	(25,419)	(18,111)
Losses on disposal of property, plant and equipment, net	(6,157)	(7,853)
Income from long-term bank deposits	64,290	–
Others	9,117	3,943
<b>Total</b>	<b>39,011</b>	<b>(36,094)</b>

## 6. INCOME TAX EXPENSE

	<u>Six months ended 30 September</u>	
	<u>2021</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Current income tax</b>		
– Chinese mainland	672,273	689,786
– Hong Kong Special Administrative Region and elsewhere	11,229	14,070
	<u>683,502</u>	<u>703,856</u>
<b>Deferred income tax</b>	<u>115,018</u>	<u>53,271</u>
<b>Total</b>	<u><u>798,520</u></u>	<u><u>757,127</u></u>

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

## 7. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<u>Six months ended 30 September</u>	
	<u>2021</u>	<u>2020</u>
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	2,090,045	1,952,396
Weighted average number of ordinary shares in issue (thousands)	<u>12,070,244</u>	<u>12,397,348</u>
Basic earnings per share	<u><u>RMB17.32 Cents</u></u>	<u><u>RMB15.75 Cents</u></u>

### (b) Diluted

Diluted earnings per share are the same as the basic earnings per share since the Company does not have potentially dilutive ordinary shares in issue.

## 8. DIVIDENDS

Final dividend of RMB1,131,125,000 for the year ended 31 March 2021 was paid in September 2021 (year ended 31 March 2020: RMB2,990,184,000).

An interim dividend for the six months ended 30 September 2021 of US0.83 cent per share (six months ended 30 September 2020: US0.65 cent) was declared by the Board of Directors on 30 November 2021. It is payable on 5 January 2022 to shareholders who are on the register of members of the Company on 17 December 2021. This interim dividend, amounting to RMB637,189,000 (six months ended 30 September 2020: RMB555,346,000) based on the issued shares as at 30 November 2021, has not been recognized as a liability in this interim condensed consolidated financial information. It will be recognized in shareholders' equity in the financial year ending 31 March 2022.

## 9. TRADE RECEIVABLES

	<b>30 September 2021 RMB'000 (Unaudited)</b>	31 March 2021 RMB'000 (Audited)
<b>Trade receivables</b>		
from third parties	<b>1,033,649</b>	966,438
from related parties	<b>20,103</b>	15,689
	<hr/>	<hr/>
<b>Subtotal</b>	<b>1,053,752</b>	982,127
Less: provision for impairment	<b>(65,940)</b>	(62,095)
	<hr/>	<hr/>
<b>Trade receivables, net</b>	<b>987,812</b>	920,032
	<hr/> <hr/>	<hr/> <hr/>

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 (year ended 31 March 2021: 60 to 90 days).

As at 30 September 2021 and 31 March 2021, the ageing analysis of trade receivables based on invoice date is as follows:

	<b>30 September 2021 RMB'000 (Unaudited)</b>	31 March 2021 RMB'000 (Audited)
Within 60 days	<b>743,459</b>	386,828
61-90 days	<b>120,050</b>	316,862
91-180 days	<b>120,790</b>	202,668
181-365 days	<b>53,947</b>	30,926
Over 365 days	<b>15,506</b>	44,843
	<hr/>	<hr/>
<b>Total</b>	<b>1,053,752</b>	982,127
	<hr/> <hr/>	<hr/> <hr/>

## 10. TRADE PAYABLES

As at 30 September 2021 and 31 March 2021, the ageing analysis of the trade payables is as follows:

	<b>30 September 2021 RMB'000 (Unaudited)</b>	31 March 2021 RMB'000 (Audited)
Within 60 days	<b>1,184,493</b>	817,867
61 to 180 days	<b>57,277</b>	97,920
181 to 365 days	<b>19,183</b>	9,896
Over 365 days	<b>15,633</b>	17,598
<b>Total</b>	<b><u>1,276,586</u></b>	<b><u>943,281</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY

In the first half of 2021FY, the Group recorded total revenue of RMB11,382.6 million, representing an increase of 10.5% as compared with that of the corresponding period in the previous year, reaching a record high in its first-half revenue in the financial year. In particular, the year-on-year revenue growth rates for the first quarter (April-June) and the second quarter (July-September) of 2021FY were 9.6% and 11.5%, respectively, which are slightly higher than the average annual revenue growth rate in the past three years. Core products such as the dairy products and candies both achieved record high in revenue in the first half of the financial year. Growth was achieved across all channels, both online and offline, in the Chinese mainland.

Despite the decrease in gross profit margin as a result of the rising raw material prices, driven by the increase in revenue and effective control over costs and expenses, profit attributable to equity holders of the Company increased by 7.1% year-on-year to RMB2,090.0 million in the first half of 2021FY, and the margin of profit attributable to equity holders of the Company was 18.4%.

### BUSINESS OVERVIEW

The diversification strategies implemented by the Group has underpinned its revenue growth and the Group has carried out the following operating strategies in recent years:

- 1) Intensive development and diversification of channels: increased product varieties reaching retailers' shelves and expanded coverage of points-of-sales;
- 2) Multi-brand and product differentiation strategies: broadened the consumer base to cover consumers of different age groups and to meet the individual needs of consumers;
- 3) Innovative and diversified digital marketing: promoted brand vitality and enhanced communication and interaction with consumers.

## **(I) INTENSIVE DEVELOPMENT AND DIVERSIFICATION OF CHANNELS**

### **1. Intensive development of traditional distribution channels**

Through our continuous efforts in refined management in recent years, the Group's traditional channels maintained its growth momentum and attained high single-digit growth in revenue in the first half of 2021FY. In recent years, by improving the supply chain efficiency and optimizing the ageing of products, the product flows at the points-of-sales have been accelerated and the confidence levels of distributors and retailers have been effectively strengthened. Through refined target management to intensively develop its sales channels, product exposures of our core products on retailers' shelves have been increased. By providing sales incentives and training, overall operating efficiency has been enhanced.

### **2. Cultivation of modern channels**

Revenue generated from modern channels achieved double-digit growth in the first half of 2021FY, which was attributable to the enhanced efficiency in customer and supply chain management, the adoption of a more scientific approach in product selection and display which helped to accelerate the product flows and improve the efficiency of product shelf utilization, and the expansion of sales in convenient stores by launching new specialty products with differentiated features, such as the new flavoured “Dongchi” (凍痴), gummies and beans. By implementing the aforesaid optimization initiatives, our popsicles, candies, dairy products, and beverages all posted a double-digit growth rate in terms of revenue derived from modern channels.

### **3. Diversification of emerging channels**

Emerging channels continued to maintain rapid growth. Revenue derived from emerging channels contributed close to a double-digit to the Group's total revenue in the first half of 2021FY, and have become one of the key revenue growth drivers of the Group.

Emerging channels cover our cooperation with various e-commerce platforms, maternity channels, OEM business and special channels. They complement with the traditional channels in promoting the production capacity utilization rate and expanding our coverage of points-of-sales. The B2C model, which includes the flagship stores opened by the Group on various on-line platforms, its offline physical stores and vending machines, served the Group well to showcase its new products and enhance the communication and interaction with consumers, and has become an important channel for brand building and promotion. The Group has installed nearly ten thousand vending machines to further cater for the needs of consumers who are keen for immediate consumption and contactless consumption.

#### 4. Continuous expansion of overseas market

Expanding the overseas market is one of the medium to long term development strategies of the Group. Despite the decrease in overseas sales for the first half of 2021FY as compared with that of the corresponding period in the previous year due to the adverse impacts caused by the pandemic and international supply chain bottlenecks, the Group will continue to push on with the expansion of sales network in overseas markets as planned. Meanwhile, our factory in Vietnam is expected to commence production in 2022, which will be conducive to the enhancement of product mix in the overseas market and the pursuit of internationalization.

### (II) MULTI-BRAND AND PRODUCT DIFFERENTIATION STRATEGIES

The Group has leveraged its production capacity advantage, coupled with the implementation of brand diversification and sales channel differentiation strategies to satisfy the demands from consumers of different age groups. The brands successively launched by the Group in recent years included:

“Baby Mum-Mum” (貝比瑪瑪) – 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

“Got Rice” – a novel brand for rice snacks

“Prime of Love” (愛至尊) – a brand of healthy nutritious products for middle-aged and elderly people

The Group has also, through constant product innovation and upgrade, launched popular new products with special features such as “Dongchi” (凍痴), donuts, and rice prawn chips, and rolled out products with new flavours such as chocolate milk and nut milk to meet the diverse demands from consumers for delicious and nutritious products while satisfying their endless desire for new and innovative products. In the first half of 2021FY, revenue generated from the new products that were first introduced by the Group in 2018 and thereafter accounted for nearly 10% of its total revenue.



### **(III) EXTENSIVE AND DYNAMIC DIGITAL MARKETING**

In recent years, the Group has adopted various different digital marketing approaches such as social media marketing, cross-sector collaboration, theme activities and topical events to enhance our interaction with customers and reinforce our brand value of “health, happiness and vitality”. The Group has also made use of context marketing to connect its products with the emotional needs of consumers, thereby facilitating its product promotion. The Group has gradually established an ecosystem of Want Want fans, the Hot-Kid Club, and enhanced emotional interaction and information exchange with consumers through delivering high-quality content and organizing dynamic and diversified activities. To date, total membership of the Hot-Kid Club has exceeded 15 million.

#### **1. Brand enhancement through creative marketing**

In the first half of 2021FY, the Group initiated a series of dynamic and interesting content marketing activities and cross-sector collaboration to enhance brand image. On the “Want Want Day” on 11 May, the Group produced an interesting animation under the theme of “Exploring ‘Fun’ in Want Want’s Factory” (旺旺工廠「趣」揭秘) featuring Want Want’s production sites and manufacturing processes, with an aim to building a closer relationship and promoting strong bonding between consumers and our products. It also cooperated with LELECHA and organized a crossover event titled “LELECHA x WANTWANT Theme Store”, during which creative products such as the distinctive “Want Want Chocolate Cheese Cream Tea” (旺旺巧克力髒髒茶) and “Want Want Strawberry European-style Bun with Ball Cakes” (旺旺草莓大饅頭歐包) were introduced, which amazed Want Want’s fans. This event won the 9th TOP-DIGITAL Award – Silver Prize in the cross-sector marketing category.

#### **2. Energetic and vibrant product marketing**

In recent years, the Group has launched a series of “Creative Packaging of Hot-Kid Milk” (創意包裝旺仔牛奶) campaigns. Following the “Hot-Kid Milk 56 Ethnic Groups Cans” (56個民族旺仔牛奶罐) and “Hot-Kid Milk Occupations Cans” (旺仔牛奶職業罐), the Group, during the National College Entrance Examination season, launched a series of canned Hot-Kid Milk that were designed in red, green and yellow colours, with the underlying meaning of “a brilliant start” (開門紅), “on the way to success” (一路綠燈) and “towards a bright and prosperous future” (走向輝煌) respectively, in order to wish candidates all the best in their examination. Under the theme of “Black Hot-Kid Milk” (旺仔牛奶黑化了), the Group promoted the new “Hot-Kid Chocolate Milk” (旺仔巧克力牛奶) through a variety of activities such as inviting key opinion leaders (KOLs) and key opinion consumers (KOCs) to dress up in black and make DIY tasty food. As a result, the product has drawn much attention upon its launch.

### **3. Improving the Want Want fans ecosystem to increase consumers' loyalty**

The Group has gained a better understanding of the consumers' demands from social media and through operating its diversified emerging channels, and established consumer interaction and emotional exchange with rich and frequent content. The Group has also gradually built a Want Want fans ecosystem in a refined, efficient and digitalized manner to optimize private domain traffic management, increase users' loyalty and facilitate its channel development.

#### **OUTLOOK FOR THE SECOND HALF OF 2021FY**

The Group will continue to promote the intensive development of channels and the cultivation of emerging channels, to strengthen the points-of-sales coverage, to maximize the utilization of production capacity and to promote the sales of potential products and distinctive new products through those channels. In addition, the Group will take various measures in a bid to further improve the profitability of its products. In the second half of 2021FY, the Group will conduct a variety of promotional campaigns and make diversified festival displays for the Chinese New Year at retail outlets and offer a wide variety of product combinations and packaging designs, thereby creating a vibrant festive atmosphere.

#### **REVENUE**

For the first half of 2021FY, total revenue of the Group increased by 10.5% to RMB11,382.6 million as compared with that of the first half of 2020FY. Revenue from dairy products and beverages segment exhibited strong growth of 23.5% year-on-year to RMB6,561.8 million. Affected by the pandemic in overseas market, revenue from rice crackers segment decreased by 5.8% year-on-year to RMB1,876.2 million. Revenue from snack foods segment decreased by 2.6% year-on-year to RMB2,873.9 million which was due mainly to a high base figure (as the pandemic occurred in early 2020, shipments were delayed to April-May 2020, resulting in a high base of comparison for the first half of 2021FY).

#### **Rice crackers**

In the first half of 2021FY, revenue from rice crackers segment decreased as compared with that of the corresponding period in the previous year. It was due mainly to the double-digit revenue decline of overseas business, which accounted for about 20% of the segment revenue and was adversely impacted by the pandemic and the pressure of the international supply chain. Nevertheless, the traditional channels still recorded a low single-digit year-on-year revenue growth in the first half of 2021FY. Revenue generated from the traditional channels recorded a decline in the first quarter (April-June) of 2021FY due to the relatively high base figure resulted from the intensive inventory restocking by the retail stores in April-May 2020 followed the outbreak of the pandemic early that year. However, the traditional channels resumed double-digit growth in the second quarter (July-September) of 2021FY, mainly attributable to continued market development, product expansion and effective customer incentive policies, all of which have driven retail sales momentum.

The Group has constantly pursued innovation and excellence in product quality in its rice crackers – the classic, best-selling flagship items for over 20 years. A series of good-looking, tasty and healthy new products under the new brand “Got Rice” was launched, such as the crispy and delicious non-fried “Want Want Donuts” (旺旺甜甜圈) and “Want Want Rice Prawn Chips” (旺旺米蝦片), which brings a lot of excitement and enjoyment to young people who seek individuality, and won the third “iSEE Best Flavour Snack Award” (2020-2021) by virtue of the product innovations and distinctive flavours.

The second half of 2021FY, which covers the Chinese New Year, will be the peak sales season for rice crackers business. The Group will further expand the price range of its products to provide consumers with more variety of choices and optimize its product offerings by launching new products such as “Want a Bite Gift Pack” (旺一口大禮包) and “Good Luck Gift Box” (大吉大旺大禮盒) with both trendy and traditional packaging. The Group will make use of a variety of displays at retail stores and marketing activities to enhance interaction with consumers, to build the jubilant atmosphere of the Spring Festival and to celebrate a prosperous new year ahead together with the people.

### **Dairy products and beverages**

Revenue from dairy products and beverages segment achieved a rapid growth of 23.5% year-on-year in the first half of 2021FY, in particular canned milk registered significant revenue growth during the period. Strong growth momentum was maintained in both the first and second quarters of 2021FY and double-digit growth rates were achieved across all channels in the Chinese mainland. Revenue from “Hot-Kid Milk” (旺仔牛奶), which accounted for over 90% of the revenue from the dairy products and beverages segment, recorded a year-on-year growth rate of 23.9%, while revenue from beverage products also registered a year-on-year growth rate of 16.4%.

In the post-pandemic era, health awareness among people becomes stronger and consumers are looking for products which are rich in dairy protein and with quality assurance to boost their immune systems. Want Want’s relentless pursuit of quality for over 20 years has built a good reputation among consumers. In recent years, the Group has revitalized its brand image and expanded its consumer base through lively and diversified digital marketing activities. Taking the packaging design of Hot-Kid Milk cans as an example in marketing: the “Hot-Kid Milk 56 Ethnic Groups Cans” (56個民族旺仔牛奶罐) and the “Hot-Kid Milk Occupations Cans” (旺仔牛奶職業罐) which pay tribute to the hard-working people in all walks of life have struck an emotional chord in the hearts of consumers. The contextual content marketing on Valentine’s Day and during the National College Entrance Examination season has stimulated the needs of consumers in various occasions, effectively driving the momentum of retail sales of canned milk in particular.

In recent years, the Group has also successively launched several flavoured dairy products, including “Hot-Kid Chocolate Milk” (旺仔巧克力牛奶) which uses imported dark chocolate and has a smooth and creamy taste; “Nut Milk” (堅果牛奶) and “Oat Milk” (燕麥牛奶), which are made from selected nuts and contain real oat flour and rich dietary fibre, are low in sugar and high in calcium; and “Lactoferrin Yogurt” (乳鐵蛋白優酪乳) which can enhance one’s immune system, so as to broaden the product range and provide more choices of delicious and healthy products for consumers.

In the first half of 2021FY, sales of beverage products also achieved breakthrough growth. The product range of the key product “Fruit Juice Drink Beverage” (果粒多) was expanded with the launch of two new flavours, passion fruit lemon and mango pineapple, which appeal to the tastes and interest of young people. Also, a new special pack size has been added to meet family consumption needs.

## **Snack foods**

In the first half of 2021FY, revenue from snack foods segment amounted to RMB2,873.9 million, representing a slight decline from that of the same period in the previous year, which was mainly due to a higher base figure in the first quarter of 2020FY as a result of the deferred sales caused by the pandemic that occurred in early 2020.

Revenue from the candies sub-category grew by a low single-digit year-on-year and reached a new record high in its first-half revenue in the financial year, with emerging channels achieving rapid growth and modern channels achieving double-digit growth. In recent years, the Group has constantly optimized and upgraded its products and launched new products such as “QQ juicy gummy” (QQ 果汁軟糖) with 100% fruit juice content, “Super QQ” (超 QQ) with unique chewing texture and “Hot-Kid double-layer QQ gummy” (旺仔雙層 QQ 糖) with two-coloured sugar bodies and two different levels of chewy textures, which are well received by young people. The “Want Want QQ syrup popping gummy” (旺旺 QQ 漿爆軟糖) won the third “iSEE Top 100 Innovation Award” (iSEE創新百強創新獎) in 2021FY. Our continuous efforts on product research and innovation have made Hot-Kid QQ gummies popular products among consumers for more than 20 years since their launches, and maintain steady growth in high single-digit for the past five years.

Revenue from the popsicles sub-category was down by a low single-digit year-on-year, which was mainly due to the high base figure brought about by the timing differences in order placing by distributors as a result of the pandemic. On a calendar year basis (January to September), revenue from popsicles sub-category grew by a mid single-digit year-on-year, with double-digit revenue growth in both modern and emerging channels. After a series of promotional campaigns following its initial launch, the sales of “Dongchi” (凍痴), a new popsicle item being packaged and served in a unique way, have exceeded RMB200 million for the period from January to September 2021, and the newly launched strawberry and chocolate flavoured “Dongchi” (凍痴) have been well recognized and received by consumers upon their launches.

Revenue from the jellies sub-category also exhibited high single-digit growth as compared with that of the corresponding period in the previous year. Besides, the new product, “YA-MI sandwich bun” (YA-MI 夾心麵包) highlights Want Want’s unique “Hot-Kid Milk” (旺仔牛奶) flavour to enrich consumers’ choices for breakfast and meal replacement, and has performed well since its launch.

In the future, the Group will continue to promote product upgrade and packaging optimization, design products according to different consumption occasions, and by way of vibrant and diversified marketing approach to reach out to consumers and interact with them under different contexts.

## **COST OF SALES**

The cost of sales of the Group for the first half of 2021FY amounted to RMB6,059.2 million, representing a year-on-year increase of 13.6% which was mainly due to the increase in revenue of 10.5% and the increase in costs of certain key raw materials, such as palm oil, paper, tinplate and plastic pellets as compared to those of the corresponding period in the previous year. In recent years, the Group has been continuously promoting the automation of its production lines, optimizing its supply chain efficiency and enhancing the utilization efficiency of its production facilities through a diversified strategy, which has also yielded results in optimizing the overall unit cost of production.

## **GROSS PROFIT**

Owing to the increase in cost of certain raw materials, the gross profit margin of the Group for the first half of 2021FY decreased by 1.4 percentage points to 46.8% as compared with that of the same period in the previous year. Driven by the revenue growth, gross profit amounted to RMB5,323.4 million, representing a year-on-year increase of 7.2%. The Group will continue to improve production and operation efficiency, refine supply chain management and optimize its product mix to maintain healthy product profitability.

### **Rice crackers**

The gross profit margin of the rice crackers segment was 41.0% for the first half of 2021FY, representing a year-on-year decrease of 5.3 percentage points. It was due mainly to the significant increase in cost of certain key raw materials, such as palm oil and paper as compared with that of the same period in the previous year. The Group will continue to promote the automation of its production and packaging lines and introduce gift pack products with higher margins to maintain the profitability of the segment.

### **Dairy products and beverages**

The gross profit margin of the dairy products and beverages segment was 49.4% for the first half of 2021FY, representing a year-on-year increase of 0.7 percentage point. The increase was attributable mainly to the lower cost of whole milk powder for consumption during the period as the whole milk powder was imported from overseas and with longer inventory turnover days, and the benefit of a further increase in the proportion of sales through emerging channels with higher profitability. However, the current procurement costs of certain key raw materials, such as whole milk powder, paper and tinplate, continue to rise on a year-on-year basis, which is expected to put pressure on the profitability of dairy products and beverages in the second half of the 2021FY. The Group will seek to optimize product profitability through various means in order to maintain the healthy development of the segment.

## **Snack foods**

In the first half of 2021FY, the gross profit margin of the snack foods segment decreased by 3.6 percentage points year-on-year to 44.6%. This was mainly due to the increase in the costs of certain key raw materials and packaging materials as compared to those of the same period in the previous year. The Group will continue to deepen its multi-brand strategy, launch new products with high gross profit margins in a timely manner, extend the existing price range and consolidate the profitability of the segment.

## **DISTRIBUTION COSTS**

The distribution costs for the first half of 2021FY amounted to RMB1,426.8 million, representing an increase of RMB176.9 million or 14.2% as compared to that of the first half of 2020FY. Distribution costs as a percentage of revenue increased by 0.4 percentage point year-on-year to 12.5%. Among which, staff costs as a percentage of revenue increased by 0.2 percentage point to 4.7%, transportation expense to revenue ratio increased by 0.1 percentage point to 4.0%, advertising and promotion expenses as a percentage of revenue increased by 0.1 percentage point to 2.4%, as compared with respective percentages in the first half of 2020FY.

## **ADMINISTRATIVE EXPENSES**

The Group's administrative expenses for the first half of 2021FY amounted to RMB1,360.3 million, representing an increase of RMB56.25 million or 4.3% as compared to that of the first half of 2020FY. The administrative expenses as a percentage of revenue were 12.0%, representing a decrease of 0.7 percentage point as compared to that of the first half of 2020FY, which was mainly due to benefits of economies of scale arising from the revenue growth.

## **OPERATING PROFIT**

Benefiting from the revenue growth, the Group's operating profit for the first half of 2021FY amounted to RMB2,780.6 million, representing a year-on-year increase of RMB245.8 million or 9.7%. The operating profit margin decreased by 0.2 percentage point year-on-year to 24.4%.

## **INCOME TAX EXPENSE**

The Group's income tax expense for the first half of 2021FY amounted to RMB798.5 million, and the income tax rate was 27.7%, representing a decrease of 0.3 percentage point as compared to that for the first half of 2020FY.

## **PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

Profit attributable to equity holders of the Company for the first half of 2021FY amounted to RMB2,090.0 million, representing an increase of 7.1% as compared to that of the first half of 2020FY. The margin of profit attributable to equity holders of the Company decreased by 0.6 percentage point year-on-year to 18.4% as a result of a 1.4 percentage points year-on-year decrease in gross profit margin.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash and borrowings

As at 30 September 2021, the net cash of the Group (cash and bank deposits (including long-term bank deposits) net of total borrowings) amounted to RMB9,160.9 million (31 March 2021: RMB9,098.0 million), representing an increase of RMB62.9 million as compared to that as at 31 March 2021. This was due mainly to net cash generated from operating activities of RMB1,971.1 million during the first half of 2021FY. The Group still has sufficient cash reserves after payment of final dividends (RMB1,131.1 million) and share repurchases (RMB692.0 million), totaling RMB1,823.1 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 banks. As at 30 September 2021, our cash and bank deposit balance (including long-term bank deposits of RMB3,601.0 million) amounted to RMB17,396.2 million (in which, RMB accounted for approximately 92.6%, being approximately RMB16,107.2 million), representing a decrease of RMB1,534.9 million as compared to RMB18,931.1 million as at 31 March 2021. This was due mainly to the repayment of bank borrowings with our internal source of funds, resulting in a decrease of RMB1,597.8 million in the bank borrowing balance.

As at 30 September 2021, the Group's total borrowings amounted to RMB8,235.3 million (31 March 2021: RMB9,833.1 million), representing a decrease of RMB1,597.8 million as compared to those as at 31 March 2021. Among which, short-term borrowings amounted to RMB3,415.8 million which included the guaranteed bonds issued (31 March 2021: RMB3,340.0 million), representing an increase of RMB75.8 million as compared to those as at 31 March 2021; long-term borrowings amounted to RMB4,819.6 million (31 March 2021: RMB6,493.2 million, including guaranteed bonds issued), representing a decrease of RMB1,673.6 million as compared to those as at 31 March 2021.

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 30 September 2021, the balance of the Bonds payable amounted to US\$499.0 million (31 March 2021: US\$498.1 million).

The Group's net gearing ratio (total borrowings net of cash and bank deposits (including long-term bank deposits) as a ratio of total equity (excluding non-controlling interests) at the end of the period) as at 30 September 2021 was -0.60 time (31 March 2021: -0.61 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 flows

A net cash inflow of RMB1,971.1 million was generated from our operating activities, consisting mainly of profit before income tax of RMB2,882.3 million; net cash outflow for financing activities was RMB3,367.0 million, consisting mainly of net outflow of repayment of borrowings of RMB1,530.7 million, cash outflows for dividend payment of RMB1,131.1 million and cash outflows for share repurchases of RMB692.0 million; net cash outflow for investing activities was RMB1,003.1 million, which was mainly the placement of RMB869.1 million cash as bank deposits with a term of more than three months. As a result, the cash and cash equivalents as of 30 September 2021 were RMB13,677.1 million, plus bank deposits with a term of more than three months of RMB3,719.1 million, adding up to a total of RMB17,396.2 million.

## Capital expenditure

For the first half of 2021FY, our total capital expenditure amounted to RMB213.1 million (for the year ended 31 March 2021: RMB317.3 million). We spent approximately RMB51.36 million, RMB83.08 million, and RMB34.84 million on the expansion of factory buildings and facilities including plant and equipment, and upgrade of some of the old plants 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 six months ended 30 September 2021 and for the year ended 31 March 2021:

	<b>For the six months ended 30 September 2021</b>	<b>For the year ended 31 March 2021</b>
Inventory turnover days	<u>79</u>	<u>85</u>

As at 30 September 2021, the inventory balance amounted to RMB2,787.5 million (31 March 2021: RMB2,528.8 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 six months ended 30 September 2021 and for the year ended 31 March 2021:

	<b>For the six months ended 30 September 2021</b>	<b>For the year ended 31 March 2021</b>
Trade receivables turnover days	<u>15</u>	<u>15</u>

## 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 six months ended 30 September 2021 and for the year ended 31 March 2021:

	<b>For the six months ended 30 September 2021</b>	<b>For the year ended 31 March 2021</b>
Trade payables turnover days	<u>33</u>	<u>33</u>

## Pledge of assets

As at 30 September 2021, none of the assets of the Group was pledged.

## **HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES**

For the first half of 2021FY, our average number of employees was approximately 39,970, representing a decrease of 1,223 employees as compared to the average number of employees for the year ended 31 March 2021. It was mainly due to the improvement of sales management efficiency which led to a reduction in the demand for corresponding personnel. Our total remuneration expenses for the first half of 2021FY amounted to RMB2,082.7 million, representing an increase of 13.3% as compared with that for the first half of 2020FY. 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 and certain overseas subsidiaries' functional currency are in USD. More than 90% of our operating activities are conducted in the Chinese mainland. 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 is 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 foreign exchange gains and losses presented under the "Other gains/(losses) – net" section of the consolidated income statement. During the first half of 2021FY, the Group did not hedge against its foreign exchange risks.

## **DIVIDENDS**

The Board recommended the payment of an interim dividend of US0.83 cent per share for the first half of 2021FY, amounting to approximately US\$99 million (equivalent to approximately RMB637 million). Together with an amount of approximately US\$107 million (equivalent to RMB692 million) for share repurchases in the first half of 2021FY, the Group would have returned a total of approximately US\$206 million (equivalent to approximately RMB1,329 million) to its shareholders, representing an increase of 16.4% as compared with the total amount of approximately US\$177 million (equivalent to approximately RMB1,225 million) for the interim dividend and share repurchases in the first half of 2020FY.

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

The audit and risk management committee comprises five independent non-executive Directors, namely Mr. Lee Kwok Ming (chairman), Dr. Pei Kerwei, Mr. Hsieh Tien-Jen, Mr. Pan Chih-Chiang and Mrs. Kong Ho Pui King, Stella.

The unaudited interim results of the Group for the six months ended 30 September 2021 have been reviewed by the audit and risk management committee and Ernst & Young, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 September 2021, the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as stated 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. Our 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 our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group’s business strategies. We shall nevertheless review the structure from time to time in light of the prevailing circumstances.

### **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 our Company do not currently have specific terms of appointment. However, the articles of association of our 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 our Company’s corporate governance practice in this aspect provides sufficient protection for the interests of shareholders to a standard commensurate with that of the CG Code.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules regarding directors' securities transactions. 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 six months ended 30 September 2021.

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

The Company repurchased a total of 150,759,000 shares on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") for an aggregate amount (excluding expenses) of HK\$828,727,528 during the six months ended 30 September 2021 and such repurchased shares were cancelled. Particulars of the shares repurchased on the HK Stock Exchange during the period are as follows:

<b>Month of repurchases</b>	<b>Total number of shares repurchased</b>	<b>Highest price paid per share</b>	<b>Lowest price paid per share</b>	<b>Aggregate amount paid (excluding expenses)</b>
		<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
April 2021	35,421,000	5.90	5.62	203,833,190
May 2021	16,263,000	5.79	5.60	93,319,260
June 2021	4,000,000	5.55	5.47	22,096,820
July 2021	36,803,000	5.44	5.21	198,135,860
August 2021	29,563,000	5.33	5.10	154,433,870
September 2021	28,709,000	5.79	5.22	156,908,528
	<u>150,759,000</u>			<u>828,727,528</u>

Subsequent to the balance sheet date of 30 September 2021 and up to the date of this announcement, the Company repurchased a total of 26,637,000 shares on the HK Stock Exchange for an aggregate amount (excluding expenses) of HK\$154,015,514. Such repurchased shares were subsequently cancelled. The number of issued shares of the Company as at the date of this announcement is 11,899,528,135 shares. Particulars of the shares repurchased on the HK Stock Exchange after the balance sheet date are as follows:

<b>Month of repurchases</b>	<b>Total number of shares repurchased</b>	<b>Highest price paid per share</b>	<b>Lowest price paid per share</b>	<b>Aggregate amount paid (excluding expenses)</b>
		<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
October 2021	<u>26,637,000</u>	6.00	5.68	<u>154,015,514</u>

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.

Save 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 six months ended 30 September 2021 and up to the date of this announcement.

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board declared an interim dividend of the Company of US0.83 cent per ordinary share of the Company for the six months ended 30 September 2021. The interim dividend will be paid on or about 5 January 2022 to shareholders whose names appear on the register of members of the Company on 17 December 2021. Shareholders registered under the principal register of members in the Cayman Islands will automatically receive their cash dividends in United States dollars (“US\$”) while shareholders registered under the Hong Kong branch register of members will automatically receive their cash dividends in Hong Kong dollars (“HK\$”). The HK\$ equivalent of the interim dividend is HK\$0.0647 per share which is based on the exchange rate of US\$ against HK\$ at US\$1.00 to HK\$7.797 on 29 November 2021, being the business day preceding the date of dividend declaration.

In order to qualify for the entitlement to the above mentioned interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 pm on 14 December 2021. The register of members of the Company will be closed from 15 December 2021 to 17 December 2021 (both dates inclusive).

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

Hong Kong, 30 November 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 Dr. PEI Kerwei, Mr. HSIEH Tien-Jen, Mr. LEE Kwok Ming, Mr. PAN Chih-Chiang and Mrs. KONG HO Pui King, Stella.*