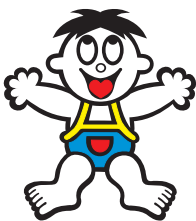


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# WANT WANT CHINA HOLDINGS LIMITED

## 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 2024

#### FINANCIAL HIGHLIGHTS

	Unaudited		
	Six months ended 30 September		
	2024	2023	Change
<b>Key income statement items</b> <i>(in RMB'000, unless otherwise stated)</i>			%
Revenue	10,876,637	11,274,818	-3.5
Gross profit	5,141,311	5,100,690	+0.8
Operating profit	2,540,711	2,475,563	+2.6
Profit attributable to equity holders of the Company	1,863,371	1,732,245	+7.6
Basic and diluted earnings per share <i>(RMB cents)</i>	15.78	14.58	+8.2
<b>Key financial ratios</b>	%	%	% point
Gross profit margin	47.3	45.2	+2.1
Operating profit margin	23.4	22.0	+1.4
Margin of profit attributable to equity holders of the Company	17.1	15.4	+1.7

The board (the “Board”) of directors (the “Directors”) of Want Want China Holdings Limited (the “Company”) hereby announces 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 2024 (“first half of 2024FY”) together with the comparative figures for the six months ended 30 September 2023 (“first half of 2023FY”) as follows:

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	10,876,637	11,274,818
Cost of sales		(5,735,326)	(6,174,128)
<b>Gross profit</b>		<b>5,141,311</b>	5,100,690
Other gains – net	5	145,436	152,133
Other income		148,143	180,769
Distribution costs		(1,368,803)	(1,474,842)
Administrative expenses		(1,525,376)	(1,483,187)
<b>Operating profit</b>		<b>2,540,711</b>	2,475,563
Finance income		56,944	40,261
Finance costs		(92,315)	(149,327)
Finance costs – net		(35,371)	(109,066)
Share of profits of associates		–	419
<b>Profit before income tax</b>		<b>2,505,340</b>	2,366,916
Income tax expense	6	(643,019)	(639,730)
<b>Profit for the period</b>		<b>1,862,321</b>	1,727,186
<b>Profit attributable to:</b>			
Equity holders of the Company		1,863,371	1,732,245
Non-controlling interests		(1,050)	(5,059)
		<b>1,862,321</b>	1,727,186
<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	15.78	14.58
Diluted earnings per share	7	15.78	14.58

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 September 2024*

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b><u>1,862,321</u></b>	<b><u>1,727,186</u></b>
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<b>(54,027)</b>	<b>(209,561)</b>
<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><u>(17,269)</u></b>	<b><u>37,213</u></b>
<b>Other comprehensive loss for the period</b>	<b><u>(71,296)</u></b>	<b><u>(172,348)</u></b>
<b>Total comprehensive income for the period</b>	<b><u><u>1,791,025</u></u></b>	<b><u><u>1,554,838</u></u></b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	<b>1,817,651</b>	<b>1,566,472</b>
Non-controlling interests	<b><u>(26,626)</u></b>	<b><u>(11,634)</u></b>
	<b><u><u>1,791,025</u></u></b>	<b><u><u>1,554,838</u></u></b>

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2024

	Note	30 September 2024 <i>RMB'000</i> (Unaudited)	31 March 2024 <i>RMB'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,243,938	5,294,370
Investment properties		31,540	32,622
Intangible assets		12,145	9,444
Deferred income tax assets		455,476	425,859
Financial assets at fair value through other comprehensive income		226,152	249,720
Right-of-use assets		909,649	974,172
Long-term bank deposits		7,570,000	7,585,000
<b>Total non-current assets</b>		<b>14,448,900</b>	<b>14,571,187</b>
<b>Current assets</b>			
Inventories		2,466,097	2,415,050
Trade receivables	9	879,292	832,245
Prepayments, other receivables and other assets		1,157,810	1,215,649
Financial assets at fair value through profit or loss		673	1,591
Cash and bank balances		7,854,897	8,421,346
<b>Total current assets</b>		<b>12,358,769</b>	<b>12,885,881</b>
<b>Total assets</b>		<b>26,807,669</b>	<b>27,457,068</b>

	Note	30 September 2024 <i>RMB'000</i> (Unaudited)	31 March 2024 <i>RMB'000</i> (Audited)
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		1,785,740	1,785,740
Reserves		13,615,137	14,579,687
<b>Subtotal</b>		<b>15,400,877</b>	16,365,427
<b>Non-controlling interests</b>		<b>4,843</b>	40,311
<b>Total equity</b>		<b>15,405,720</b>	16,405,738
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		–	2,461,796
Lease liabilities		39,785	48,049
Deferred income tax liabilities		101,371	182,905
Other non-current liabilities		115,106	115,424
<b>Total non-current liabilities</b>		<b>256,262</b>	2,808,174
<b>Current liabilities</b>			
Trade payables	10	1,058,029	997,945
Accruals and other payables		2,457,922	2,520,909
Contract liabilities		723,475	1,316,727
Current income tax liabilities		483,729	380,729
Borrowings		6,330,802	2,889,328
Lease liabilities		91,730	137,518
<b>Total current liabilities</b>		<b>11,145,687</b>	8,243,156
<b>Total liabilities</b>		<b>11,401,949</b>	11,051,330
<b>Total equity and liabilities</b>		<b>26,807,669</b>	27,457,068

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2024

## 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 25 November 2024.

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 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”). 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 2024.

## 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 2024, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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 costs – net and share of profits of associates. Management assesses the performance of rice crackers, dairy products and beverages, snack foods and other products.

The Group's operations are mainly organised 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 2024 is as follows:

	<b>Six months ended 30 September 2024 (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 results</b>					
Revenue	<u>2,057,382</u>	<u>6,009,418</u>	<u>2,730,970</u>	<u>78,867</u>	<u>10,876,637</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>2,057,382</u>	<u>6,009,418</u>	<u>2,730,970</u>	<u>78,867</u>	<u>10,876,637</u>
Segment profit	363,047	2,017,934	585,639	2,390	2,969,010
Unallocated costs					(428,299)
Finance costs – net					<u>(35,371)</u>
Profit before income tax					2,505,340
Income tax expense					<u>(643,019)</u>
<b>Profit for the period</b>					<u>1,862,321</u>
<b>Other segment items included in the income statement</b>					
Depreciation of property, plant and equipment	107,255	154,615	105,412	208	367,490
Depreciation of right-of-use assets	19,346	43,798	20,283	4,520	87,947
Depreciation of investment properties	–	–	–	590	590
Unallocated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets					<u>10,742</u>
<b>Capital expenditure</b>					
Capital expenditure by segments	40,779	27,765	52,203	16,411	137,158
Unallocated capital expenditure					<u>221,793</u>
<b>Total capital expenditure</b>					<u>358,951</u>



The segment assets and liabilities as at 30 September 2024 are as follows:

	30 September 2024 (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 assets and liabilities</b>					
Segment assets	2,006,392	6,230,808	2,931,771	119,468	11,288,439
Unallocated assets					94,333
Cash and bank balances					7,854,897
Long-term bank deposits					<u>7,570,000</u>
<b>Total assets</b>					<u><b>26,807,669</b></u>
Segment liabilities	904,437	2,648,999	1,206,577	35,591	4,795,604
Unallocated liabilities					275,543
Borrowings					<u>6,330,802</u>
<b>Total liabilities</b>					<u><b>11,401,949</b></u>

The segment information for the six months ended 30 September 2023 is as follows:

	Six months ended 30 September 2023 (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>2,059,979</u>	<u>6,096,666</u>	<u>3,031,829</u>	<u>86,344</u>	<u>11,274,818</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>2,059,979</u>	<u>6,096,666</u>	<u>3,031,829</u>	<u>86,344</u>	<u>11,274,818</u>
Segment profit/(loss)	383,940	2,022,069	521,404	(8,171)	2,919,242
Unallocated costs					(443,679)
Finance costs – net					(109,066)
Share of profits of associates					419
Profit before income tax					2,366,916
Income tax expense					(639,730)
<b>Profit for the period</b>					<u>1,727,186</u>
<b>Other segment items included in the income statement</b>					
Depreciation of property, plant and equipment	110,465	163,090	109,484	387	383,426
Depreciation of right-of-use assets	20,588	46,404	21,230	4,907	93,129
Depreciation of investment properties	–	–	–	590	590
Unallocated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets					10,177
<b>Capital expenditure</b>					
Capital expenditure by segments	48,682	66,265	47,035	18,855	180,837
Unallocated capital expenditure					39,415
<b>Total capital expenditure</b>					<u>220,252</u>

The segment assets and liabilities as at 31 March 2024 are as follows:

	31 March 2024 (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	2,299,429	6,119,449	2,813,621	115,538	11,348,037
Unallocated assets					102,685
Cash and bank balances					8,421,346
Long-term bank deposits					<u>7,585,000</u>
<b>Total assets</b>					<u><u>27,457,068</u></u>
Segment liabilities	1,381,983	2,803,674	1,293,118	36,856	5,515,631
Unallocated liabilities					184,575
Borrowings					<u>5,351,124</u>
<b>Total liabilities</b>					<u><u>11,051,330</u></u>

## 5. OTHER GAINS – NET

	Six months ended 30 September	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Net foreign exchange losses	(42,456)	(12,754)
Donation expenses	(15,228)	(11,750)
Losses on disposal of property, plant and equipment, net	(7,596)	(3,235)
Income from long-term bank deposits	180,702	157,432
Others	<u>30,014</u>	<u>22,440</u>
Total	<u><u>145,436</u></u>	<u><u>152,133</u></u>

## 6. INCOME TAX EXPENSE

	<u>Six months ended 30 September</u>	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Current income tax</b>		
– Chinese mainland	565,370	529,724
– Hong Kong Special Administrative Region and elsewhere	9,662	4,545
	<u>575,032</u>	<u>534,269</u>
<b>Subtotal</b>	<b>575,032</b>	534,269
<b>Deferred income tax</b>	<b>67,987</b>	105,461
	<u>643,019</u>	<u>639,730</u>
<b>Total</b>	<b>643,019</b>	639,730

Income tax expense is recognised 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 are 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>	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	1,863,371	1,732,245
Weighted average number of ordinary shares in issue (thousands)	<u>11,811,945</u>	<u>11,879,738</u>
Basic earnings per share	<b><u>RMB15.78 Cents</u></b>	<b><u>RMB14.58 Cents</u></b>

### (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.

## 8. DIVIDENDS

Final dividends of RMB2,766,876,000 for the year ended 31 March 2024 were paid in September 2024 (year ended 31 March 2023: RMB1,791,127,000).

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

## 9. TRADE RECEIVABLES

	<b>30 September 2024 RMB'000 (Unaudited)</b>	31 March 2024 RMB'000 (Audited)
<b>Trade receivables</b>		
from third parties	924,137	880,911
from related parties	<u>19,894</u>	<u>16,384</u>
<b>Subtotal</b>	<b>944,031</b>	897,295
Less: provision for impairment	<u>(64,739)</u>	<u>(65,050)</u>
<b>Trade receivables, net</b>	<b><u>879,292</u></b>	<b><u>832,245</u></b>

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 2024: 60 to 90 days).

As at 30 September 2024 and 31 March 2024, the ageing analysis of trade receivables based on invoice date is as follows:

	<b>30 September 2024 RMB'000 (Unaudited)</b>	31 March 2024 RMB'000 (Audited)
Within 60 days	747,899	422,880
61-90 days	69,121	155,801
91-180 days	48,648	243,655
181-365 days	56,335	49,813
Over 365 days	<u>22,028</u>	<u>25,146</u>
<b>Total</b>	<b><u>944,031</u></b>	<b><u>897,295</u></b>

## 10. TRADE PAYABLES

As at 30 September 2024 and 31 March 2024, the ageing analysis of the trade payables, based on invoice date, is as follows:

	<b>30 September 2024 RMB'000 (Unaudited)</b>	31 March 2024 RMB'000 (Audited)
Within 60 days	<b>945,728</b>	870,087
61 to 180 days	<b>101,855</b>	100,130
181 to 365 days	<b>2,524</b>	8,968
Over 365 days	<b>7,922</b>	18,760
<b>Total</b>	<b><u>1,058,029</u></b>	<b><u>997,945</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY

In the first half of 2024FY, the Group's total revenue declined by 3.5% year-on-year to RMB10,876.6 million. This was mainly attributable to the decline in revenue of the popsicles sub-category under the snack foods segment for the first half of 2024FY, which put pressure on the Group's overall revenue. However, benefitting from the strategy of channel diversification, emerging channels such as vending machines, OEM, etc., continued to grow, and overseas markets achieved a double-digit revenue growth. The Group continued to invest in the research and development ("R&D") of a variety of distinctive products, with new products launched over the past five years contributing a double-digit percentage of the Group's revenue for the first half of 2024FY.

The gross profit margin for the first half of 2024FY increased to 47.3% due mainly to the decrease in the cost of certain key raw materials. Meanwhile, with the benefits brought about by the proper control of overall operating expenses (i.e. the aggregate of distribution costs and administrative expenses, hereinafter referred to as the same), net profit attributable to equity holders of the Company increased by 7.6% year-on-year to RMB1,863.4 million. For the second half of 2024FY, the Group is still expected to continue to benefit from the decline in the cost of some raw materials.

In order to enhance its sensitivity and responsiveness to market changes and further implement its strategy of diversification, the Group has recently undergone organisational restructuring: dividing itself into multiple business units by product, collaborating with different channel development business units and making plans for the development of domestic and overseas operations. It will enhance the coordination and decision-making efficiency of its internal organisation, and allocate resources to targeted products with potential and new products to promote its sustainable growth momentum.

## **OPERATIONAL REVIEW**

The Group continued to implement its strategy of diversification, with specific strategies as follows:

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

#### **Wholesale channels and modern channels: cultivating markets and expanding points of sale**

For the first half of 2024FY, wholesale channels and modern channels were adversely affected by sluggish market demand. The Group selected distinctive and differentiated products, while partnering with major snack specialty retail systems to meet the changing shopping needs of consumers and drove the growth of the snack foods products such as puffed foods and biscuits amid adverse market conditions.

For the second half of 2024FY, to maintain the healthy development of the overall channels and customers, the Group will strategically promote its partnership with some of the leading snack specialty retailers, blend its brand value into consumption scenarios, and strengthen the connection between its products and scenes such as “luck”, “celebrations”, “happiness” etc.. The Group will also cultivate the markets where its presence was weak, enhance the precision of its resources allocation, increase the coverage of points of sale and the on-shelf availability of products and precisely meet the needs of different consumers with a diversified product portfolio.

#### **Innovation and development of emerging channels: diversified channels and innovative development**

Revenue from emerging channels continued to grow in the first half of 2024FY. Among which, taking advantage of equipment upgrades, the vending machine channel expanded its product offerings, resulting in double-digit growth in revenue for both of the rice crackers and the snack foods segments. The content e-commerce channel boosted the exposure of our brands and products through publishing more than ten thousand short videos on average per month, as well as brand live streaming interactions carried out at Fix XBody flagship stores and through the Want Want Hot Live Streaming Room (旺旺熱辣直播間). The OEM channel maintained rapid growth. Leveraging the diversity of production lines for diverse product categories and advantages in production and R&D, there is room for further expansion in OEM product categories and areas of cooperation.

#### **Rapid growth in overseas markets**

For the first half of 2024FY, the Group’s overseas business achieved a double-digit growth in revenue, and regions such as Asia, America, Oceania, Europe, India and Africa all achieved rapid growth. Benefitting from the development of new customers and new products, rice crackers, and candies and biscuits under the snack foods segment grew significantly. With the commissioning of our plant in Vietnam and the successive establishment of subsidiaries in Vietnam, Thailand, Indonesia, Germany, and North America since 2019, overseas markets will become one of the Group’s key growth drivers in the coming 3-5 years.

## **Continuously exploring the advantages of product diversification**

The Group has continuously expanded the categories of its products sold overseas in recent years. In addition to its core rice crackers products, products under the snack foods segment, including candies, puffed foods and biscuits have achieved significant growth. The Group has also launched customised products to cater to local consumer preferences and provided OEM services.

## **(II) DIFFERENTIATED BRAND POSITIONING AND NEW PRODUCTS**

The Group has implemented differentiated brand positioning to meet the diverse needs of consumers of different age groups by launching, among others, “Baby Mum-Mum” to cater to infants and toddlers, “Prime of Love” for seniors, “Want Power” for young white-collar population who wants snacks with health benefits, and “Fix XBody” for gym-goers who pursue a low glycemic index (GI).

Leveraging its unique and innovative R&D capabilities and production capacity resources, the Group developed personalised products, such as the “Want Want Konjac Juice Jelly” (旺旺蒟蒻果汁果凍) with innovative packaging design, which comes in pouches with an easy-tear opening for squeezing, allowing consumers to easily squeeze and eat the jelly, and the “Peptide Smooth Cup” (肽嫩杯) pudding, which contains collagen peptides and juice, satisfying consumers’ craving for the joyful moment and experience when enjoying the bouncy pudding. With rising health awareness and changing lifestyles, more and more people tend to embrace a low-sugar and high-fiber diet. The Group will develop more low-sugar and reduced sugar beverages in the second half of 2024FY. Meanwhile, the Group will also launch brown rice products as well as other healthy rice products to meet more consumer habits.

## **REVENUE**

For the first half of 2024FY, the total revenue of the Group declined by 3.5% to RMB10,876.6 million as compared with that of the same period in the previous year. The products of the Group continued to develop in a balanced manner, with the dairy products and beverages segment accounting for approximately 55% of the total revenue and the rice crackers and the snack foods segments together accounting for approximately 44% of the total revenue.

### **Rice crackers**

For the first half of 2024FY, the revenue from the rice crackers segment remained basically stable, amounting to RMB2,057.4 million, and achieved a low single-digit growth in terms of sales volume. It was mainly attributable to the development of diversified channels, as well as the double-digit revenue growth in overseas markets (which accounted for nearly 30% of the segment revenue) and from each of the vending machines, OEM and content e-commerce emerging channels.



The rice crackers segment continued to launch new product offerings and specifications, such as Xue Bing (雪餅) and Xiang Mi Bing (香米餅) of the Tiaozhanpai (挑戰派) series and the mega packs (750g pack, 1 kg pack, etc.) of Want Want Xue Bing (雪餅)/Xian Bei (仙貝), to meet the needs of diversified consumption scenarios. The special glutinous rice product “Wangyu • Dragon Boat Festival Gift Box” (旺御•端午禮盒) demonstrated the Group’s commitment to inheritance of the culture of traditional festivals and innovation.

The Chinese New Year peak sales season for rice crackers will be arriving in the second half of 2024FY, the Group will roll out a variety of Chinese New Year themed gift packs infused with the element of “A prosperous Year of the Snake” to create an ambience of festive Chinese New Year.

### **Dairy products and beverages**

For the first half of 2024FY, the revenue from the dairy products and beverages segment declined by 1.4% year-on-year to RMB6,009.4 million, of which, the revenue from “Hot-Kid Milk” (旺仔牛奶) decreased by 1.6% year-on-year while the sales volume remained flat. However, with more points of sale added for selling through diversified channels, revenue from canned milk increased by a low single-digit. In addition, the revenue from the beverages and others sub-category increased by 1.2% year-on-year. During the peak season for sales from July to September, the revenue from the beverages and others sub-category grew by double digits year-on-year.

For the first half of 2024FY, the dairy products sub-category underperformed in wholesale channels and modern channels, but continued to grow in emerging channels including OEMs, content e-commerce and others. At the same time, the sub-category benefitted from the further expansion of its product offerings, as well as the continuous innovation in packaging design, such as the limited sports edition of canned “Hot-Kid Milk” catering to consumers’ sports enthusiasm kindled during the year of Olympic Games, a new product category of pure milk suitable for all family members, and the pure grain “Oat Milk” (燕麥奶) under the brand of “Fix XBody” conducive to weight control, all of which expanded the target consumer groups of products and their consumption scenarios.

Thanks to the launch of a number of distinctive new products coupled with creative themed marketing activities, the revenue from the beverages and others sub-category achieved rapid growth in emerging channels including content e-commerce platforms, vending machines, OEM and others. In particular, “O-bubble Fruit Milk” (O泡果奶) grew by double digits year-on-year; a new product called “Want Want Fruit Forest” (旺旺有片果林) juice beverage was well received by consumers; “Mr. Bond Coffee” (邦德咖啡) garnered more than ten million views on social media platforms, and its creative 30ml soft-bagged “Super Coffee” (超咖啡) brought novel experiences to consumers; and low-sugar-recipe beverages, including sugar-free oolong tea and jasmine tea, as well as 1-litre large-sized beverages met the differentiated needs of consumers.

## **Snack foods**

For the first half of 2024FY, the snack foods segment achieved the revenue of RMB2,731.0 million, representing a decline of 9.9% as compared with that of the same period last year, which was mainly attributable to the decline in the revenue of the popsicles sub-category due to, among others, weather and sales operational rhythm.

For the popsicles sub-category, we will get well-prepared for the peak season in the coming year by enriching its product specifications and flavours, intensively cultivating points of sale, and exploring new channels, which are detailed as follows: the upgraded version of “Popsicles PLUS” (碎冰冰 PLUS) can help the Group expand its consumer base; following the adjustment of the business organisation, the Group will actively explore its partnership with popsicle wholesalers and distributors and improve popsicles shelf placement rate at points of sales; the Group will also meet the sales needs of multiple channels and enhance growth momentum of the product categories under the snack foods segment through differentiated product design. With the continuous promotion of the R&D of new products and multi-channel sales, the Group kept expanding its product offerings (such as the candies sub-category and the biscuits sub-category) in overseas markets, which continued to grow rapidly. The new products launched within the past 5 years accounted for more than 20% of the revenue of the snack foods segment for the first half of 2024FY. The diversified development of channels drove the revenue from Lonely God (浪味仙) and Tube Sweetie (吸吸糖) to a record high.

## **COST OF SALES**

The cost of sales of the Group for the first half of 2024FY amounted to RMB5,735.3 million, representing a decrease of 7.1% as compared with that of the same period last year. This was mainly attributable to the year-on-year decrease in the unit cost of key raw materials and packaging materials, with a low teen percentage decrease in the unit cost of imported whole milk powder, raw paper and tinplate.

The Group will continue to optimise the supply chain and production line layout, improve the degree of equipment automation, and continue to enhance its production management in order to quickly respond to the increasingly diversified sales needs.

## **GROSS PROFIT**

The gross profit margin of the Group for the first half of 2024FY increased by 2.1 percentage points to 47.3% as compared with that of the same period last year. This was mainly attributable to the decline in the unit cost of key raw materials and packaging materials, the diversified development of channels and the product upgrades, which enhanced product profitability. The gross profit slightly increased by 0.8% to RMB5,141.3 million as compared with that of the same period last year as a result of the increase in the gross profit margin.

## **Rice crackers**

The gross profit margin of the rice crackers segment for the first half of 2024FY was 41.8%, representing a decrease of 2.0 percentage points as compared with the same period last year. This was mainly attributable to a slight decrease in the average selling price as a result of the adjustments to product mix. However, there was a low single-digit growth in terms of sales volume. The Group will continue to enrich product categories and specifications, promote the progress of its automated production, and maintain healthy profitability of products.

## **Dairy products and beverages**

The gross profit margin of the dairy products and beverages segment was 50.3% for the first half of 2024FY, representing an increase of 3.0 percentage points over the same period last year. This was due mainly to the decrease in the unit cost of imported milk powder and packaging materials (raw paper and tinplate) by a low teen percentage year-on-year.

## **Snack foods**

The gross profit margin of the snack foods segment was 44.3% for the first half of 2024FY, representing an increase of 1.3 percentage points over the same period last year. This was due mainly to the optimisation of product mix and the implementation of channel diversification strategy, which led to the increase in the average selling price of products, and was also due to the decrease in the costs of certain raw materials as compared with those of the same period last year.

## **DISTRIBUTION COSTS**

The distribution costs for the first half of 2024FY amounted to RMB1,368.8 million, representing a decrease of 7.2% or RMB106.0 million over the same period of the previous year. Distribution costs as a percentage of revenue decreased by 0.5 percentage points to 12.6% as compared with that of the same period in the previous year. Other expenses (mainly for staffing expenses) to revenue ratio decreased by 0.5 percentage points to 6.5% as compared with that of the same period last year, which was attributable to the Group's continuous strengthening of its "people efficiency management". The transportation expense to revenue ratio was 3.7%, representing an increase of 0.1 percentage points year-on-year. The advertising and promotion expenses as a percentage of revenue was 2.4%, representing a year-on-year decrease of 0.1 percentage points.

## **ADMINISTRATIVE EXPENSES**

The Group's administrative expenses for the first half of 2024FY increased by RMB42.19 million to RMB1,525.4 million, representing a slight increase of 2.8% as compared with that of same period in the previous year. Due to the weakening topline performance, the administrative expenses to revenue ratio increased by 0.8 percentage points year-on-year to 14.0%.

## **OPERATING PROFIT**

The Group's operating profit for the first half of 2024FY amounted to RMB2,540.7 million, representing an increase of 2.6% or RMB65.15 million as compared with that of the first half of 2023FY, which was benefitted from the increase in gross margin and the advantages of control over overall operating expenses. The operating profit margin was 23.4%, representing an increase of 1.4 percentage points as compared with that of the same period of the previous year.

## **FINANCE COSTS**

The finance costs of the Group for the first half of 2024FY amounted to RMB92.32 million, representing a decrease of RMB57.01 million or 38.2% as compared with that of the first half of 2023FY, which was due mainly to the replacement of the USD denominated borrowings (with higher interest rates) with RMB denominated borrowings (with lower interest rates) in the second half of 2023FY, resulting in a significant decrease in the finance costs of the Group since the second half of 2023FY.

## **INCOME TAX EXPENSE**

The Group's income tax expense for the first half of 2024FY amounted to RMB643.0 million, and the income tax rate was 25.7%, representing a decrease of 1.3 percentage points as compared with that of the first half of 2023FY, due mainly to the lower withholding income tax as compared with that of the same period in the previous year.

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

In summary, the profit attributable to equity holders of the Company for the first half of 2024FY increased by RMB131.1 million to RMB1,863.4 million, representing an increase of 7.6% as compared with that of the same period in the previous year, and the margin of profit attributable to equity holders increased by 1.7 percentage points as compared with that of the same period in the previous year to 17.1%.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash and borrowings**

As at 30 September 2024, the net cash of the Group (cash and bank deposits (including long-term bank deposits) net of borrowings) amounted to RMB9,094.1 million, representing a decrease of RMB1,561.1 million as compared with that as at 31 March 2024 (RMB10,655.2 million), mainly due to the payment of 2023FY dividend of US\$390 million (RMB2,766.9 million).

The Group finances its operations and capital expenditure primarily by cash flows generated from internal operations as well as credit facilities provided by its principal banks. As at 30 September 2024, the Group's cash and bank deposits (including long-term bank deposits of RMB7,570.0 million) amounted to RMB15,424.9 million (in which RMB accounted for approximately 97%, being approximately RMB14,987.0 million), representing a decrease of RMB581.4 million as compared with RMB16,006.3 million as at 31 March 2024.

As at 30 September 2024, the Group's total borrowings amounted to RMB6,330.8 million, representing an increase of RMB979.7 million as compared with that as at 31 March 2024 (RMB5,351.1 million), mainly representing RMB denominated borrowings, which accounted for 98% of total borrowings. As at 30 September 2024, all borrowings of the Group were short-term borrowings (of which RMB1,750.0 million was reclassified from long-term borrowings due to maturity within one year). The balance of the long-term borrowings amounted to nil as of 30 September 2024 due to its repayment and reclassification to short-term borrowings due to maturity within one year. As at 30 September 2024, 98% of the Group's borrowings bore interest at fixed interest rates. The Group has healthy cash flows and sufficient reserves of cash and cash equivalents to fully meet the repayment requirements of borrowings.

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 2024 was -0.59 time (31 March 2024: -0.65 time). At present, the Group maintains sufficient cash and available banking credit facilities for its working capital requirements and for capitalising on any investment opportunities in the future. The management will also make prudent financial arrangements and decisions to address changes in the domestic and international financial environments at any time.

### **Cash flows**

For the first half of 2024FY, the net cash inflow of RMB1,433.8 million was generated from the Group's operating activities, mainly due to the profit before income tax of RMB2,505.3 million; the net cash outflow from financing activities was RMB1,891.9 million, mainly due to the net inflow from borrowings of RMB974.0 million and the cash outflow from dividend payment of RMB2,766.9 million; the net cash outflow from investing activities was RMB724.5 million, mainly due to an increase of RMB632.1 million in bank deposits with original maturity of more than three months as compared with that as at 31 March 2024. Finally, the cash and bank deposits as of 30 September 2024 were RMB7,854.9 million, plus long-term bank deposits of RMB7,570.0 million, adding up to a total of RMB15,424.9 million.

### **Capital expenditure**

For the first half of 2024FY, the Group's capital expenditure amounted to RMB359.0 million (for the year ended 31 March 2024: RMB405.7 million). The Group invested approximately RMB40.78 million, RMB27.77 million and RMB52.20 million, respectively, on the expansion of production plants and equipment for the three key product segments (rice crackers, dairy products and beverages, and snack foods segments), which was mainly due to the upgrade of some of the domestic old plants and production facilities to meet the needs for the Group's future growth. In addition, the Group also made some investments in information facilities, packaging facilities and other fixed assets.

The above capital expenditure was financed mainly by the internally generated cash flows of the Company and its banking credit facilities.

## Inventory analysis

The 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 segments, as well as raw materials and packaging materials.

The following table sets forth the number of the Group's inventory turnover days for the six months ended 30 September 2024 and for the year ended 31 March 2024:

	<b>For the six months ended 30 September 2024</b>	<b>For the year ended 31 March 2024</b>
Inventory turnover days	<u>77</u>	<u>81</u>

The inventory turnover days decreased by 4 days to 77 days as compared with the beginning of the period, mainly benefitting from the improvement in supply chain and working capital efficiency.

## Trade receivables

The Group's trade receivables represent the receivables from its credit sales to customers. The terms of credit of the Group granted to our customers usually range from 60 to 90 days. The Group's sales to most of the customers in China are conducted on a cash-on-delivery basis. The Group grants credit sales to customers in modern distribution channels and certain emerging channels, who then on-sell the products to end-consumers of the Group.

The following table sets forth the number of the Group's trade receivables turnover days for the six months ended 30 September 2024 and for the year ended 31 March 2024:

	<b>For the six months ended 30 September 2024</b>	<b>For the year ended 31 March 2024</b>
Trade receivables turnover days	<u>14</u>	<u>13</u>

## Trade payables

The Group's trade payables are mainly related to the purchase of raw materials on credit from its suppliers with credit terms generally between 30 days and 60 days after the date of receipt of goods and invoices.



The following table sets forth the number of the Group’s trade payables turnover days for the six months ended 30 September 2024 and for the year ended 31 March 2024:

	<b>For the six months ended 30 September 2024</b>	<b>For the year ended 31 March 2024</b>
Trade payables turnover days	<u>32</u>	<u>29</u>

### **Pledge of assets**

As at 30 September 2024, none of the assets of the Group was pledged.

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

For the first half of 2024FY, the average number of employees of the Group was approximately 38,866, representing a decrease of 1,021 employees as compared with the average number of employees for the year ended 31 March 2024. The total remuneration expenses for the first half of 2024FY amounted to RMB2,216.3 million, representing a slightly decrease of RMB1.07 million as compared with the total remuneration expenses for the same period of the previous financial year. The remuneration package for the 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 employee.

The Group always cares about and has invested a significant amount of resources in continuing education and training programs for its employees. Training courses, both external and internal, are also provided by the Group 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 the Group’s operating activities are conducted in the Chinese Mainland and the Chinese Mainland subsidiaries’ functional currency is RMB. The Group’s foreign exchange risks arise mainly from the procurement of raw materials and equipment from overseas, overseas dividend payments, and certain recognised assets or liabilities, and borrowings denominated in RMB of the subsidiaries of which functional currency is USD.

## **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 2024 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 2024, the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as stated in Part 2 of Appendix C1 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 provision C.2.1.

Code provision C.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 47 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.

## **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 C3 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 2024.

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

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.



## **CONNECTED TRANSACTION: ACQUISITION OF AIRCRAFT**

Reference is made to the Company's announcement dated 1 September 2024 on the acquisition of a business aircraft (the "Aircraft") by a subsidiary of the Company. As stated in the announcement, the purchase price for the Aircraft was US\$19.4 million (the "Consideration"). The Consideration was determined by reference to, among other things, a valuation report prepared by King Kee Appraisal and Advisory Limited (the "Valuer"), an independent professional valuer, according to which the valuation of the Aircraft as at 31 July 2024 amounted to US\$19.4 million to US\$20.0 million (the "Valuation"). The Consideration was accounted for as capital expenditure in the first half of 2024FY.

The Company would like to supplement the following information on the method of and key inputs and assumptions involved in the Valuation.

### **Valuation Method**

The Valuation was conducted on a market value basis applying the cost approach. Three common valuation methods were considered, including the income approach, the market approach and the cost approach. The Valuer did not apply the income approach because the Aircraft could not generate income independently or the market approach because comparable transactions in the market were limited.

The cost approach estimates the value of an appraised asset by multiplying its cost of reproduction new by its newness rate.

### **Key Inputs and Assumptions Involved**

The Valuation involved the following key inputs and assumptions:

- (a) the cost of reproduction new of the Aircraft (without fittings) was taken to be US\$43.9 million, comprising (i) quoted price for the Aircraft obtained through direct enquiry with its manufacturer or from relevant online sources, (ii) transaction costs, which were assumed to be 3.3% of the price of the Aircraft, and (iii) cost of funds for the period between signing of contract to delivery of the Aircraft, assuming an interest rate of 2.29% per annum;
- (b) the cost of reproduction new of the fittings of the Aircraft was taken to be US\$2.3 million, which was equal to their original acquisition cost; and
- (c) the newness rate for the Aircraft (without fittings) and the fittings of the Aircraft was taken to be 45% and 10%, respectively, based on, among other things, their remaining useful life and their statuses during inspection.

For other details on the transaction, please refer to the Company's announcement dated 1 September 2024.

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

Hong Kong, 25 November 2024

*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. 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.*