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 JUNE 2017

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 June		
	2017	2016	Change
Key income statement items	***RMB'000***	*RMB'000*	*%*
Revenue	**9,347,356**	9,709,476	-3.7
Gross profit	**4,163,254**	4,640,456	-10.3
Operating profit	**2,053,872**	2,375,732	-13.5
EBITDA [1]	**2,522,245**	2,831,773	-10.9
Profit attributable to equity holders of the Company	**1,500,952**	1,756,442	-14.5
Key financial ratios	**%**	%	% point
Gross profit margin	**44.5**	47.8	-3.3
Operating profit margin	**22.0**	24.5	-2.5
EBITDA margin	**27.0**	29.2	-2.2
Margin of profit attributable to equity holders of the Company	**16.1**	18.1	-2.0

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

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") for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in the previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2017

	Note	**Unaudited Six months ended 30 June 2017** *RMB'000*	2016 *RMB'000*
Revenue	4	**9,347,356**	9,709,476
Cost of sales		**(5,184,102)**	(5,069,020)
Gross profit		**4,163,254**	4,640,456
Other gains – net	5	**57,586**	57,379
Other income	6	**298,850**	215,549
Distribution costs		**(1,356,543)**	(1,367,619)
Administrative expenses		**(1,109,275)**	(1,170,033)
Operating profit		**2,053,872**	2,375,732
Finance income		**165,399**	127,729
Finance costs		**(146,696)**	(67,838)
Finance income – net		**18,703**	59,891
Share of losses of associates		**(1,822)**	(2,951)
Profit before income tax		**2,070,753**	2,432,672
Income tax expense	7	**(577,212)**	(679,984)
Profit for the period		**1,493,541**	1,752,688
Profit attributable to:			
– Equity holders of the Company		**1,500,952**	1,756,442
– Non-controlling interests		**(7,411)**	(3,754)
		1,493,541	1,752,688
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share	8	**RMB11.99 cents**	RMB13.77 cents
Diluted earnings per share	8	**RMB11.99 cents**	RMB13.77 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit for the period	**1,493,541**	1,752,688
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Change in value of available-for-sale financial assets	**4,752**	(15,312)
Currency translation differences	**106,687**	(141,250)
Total items that may be reclassified subsequently to profit or loss	**111,439**	(156,562)
Total comprehensive income for the period	**1,604,980**	1,596,126
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	**1,610,866**	1,599,564
– Non-controlling interests	**(5,886)**	(3,438)
	1,604,980	1,596,126

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Note	**Unaudited 30 June 2017** *RMB'000*	Audited 31 December 2016 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**8,357,305**	8,693,113
Leasehold land and land use rights		**1,184,206**	1,205,512
Investment properties		**40,975**	41,112
Intangible assets		**9,030**	7,635
Investments in associates		**38,313**	42,867
Deferred income tax assets		**265,232**	281,329
Available-for-sale financial assets		**40,923**	36,567
Total non-current assets		**9,935,984**	10,308,135
Current assets			
Inventories		**2,204,382**	2,452,558
Trade receivables	10	**875,075**	1,270,838
Prepayments, deposits and other receivables		**608,938**	678,749
Financial assets at fair value through profit or loss		**930,677**	941,556
Cash and cash equivalents		**10,827,423**	11,557,371
Total current assets		**15,446,495**	16,901,072
Total assets		**25,382,479**	27,209,207

	Note	Unaudited 30 June 2017 *RMB'000*	Audited 31 December 2016 *RMB'000*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**1,879,535**	1,880,898
Reserves		**10,944,552**	10,390,307
		12,824,087	12,271,205
Non-controlling interests		**43,832**	49,718
Total equity		**12,867,919**	12,320,923
LIABILITIES			
Non-current liabilities			
Borrowings		**3,333,270**	5,890,452
Deferred income tax liabilities		**90,328**	125,101
Other non-current liabilities		**109,578**	100,734
Total non-current liabilities		**3,533,176**	6,116,287
Current liabilities			
Trade payables	11	**1,091,097**	1,345,427
Accruals and other payables		**2,305,683**	3,017,393
Current income tax liabilities		**250,035**	396,083
Borrowings		**5,334,569**	4,013,094
Total current liabilities		**8,981,384**	8,771,997
Total liabilities		**12,514,560**	14,888,284
Total equity and liabilities		**25,382,479**	27,209,207

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

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 North America, East Asia, South-East Asia and Europe.

The Company was incorporated in the Cayman Islands on 3 October 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 22 August 2017.

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

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with HKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with HKFRSs.

3. Accounting policies

The Board of Directors has resolved to change the financial year end date of the Company from 31 December to 31 March. Accordingly, the current financial year will cover a fifteen-month period from 1 January 2017 to 31 March 2018. This condensed consolidated interim financial information now presented cover a six-month period from 1 January 2017 to 30 June 2017, and the comparative figures in this condensed consolidated interim financial information cover a six-month period from 1 January 2016 to 30 June 2016.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 March 2018.

(a) New amendments of HKFRS adopted by the Group

The following amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2017.

- Amendments to HKAS 12 'Income Taxes' on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

- Amendments to HKAS 7 'Statement of Cash Flows' introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Amendment to HKFRS 12 'Disclosure of Interest in Other Entities' is part of the annual improvements to HKFRSs 2014-2016 cycle. It clarifies that the disclosure requirement of HKFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of HKFRS 12).

  The adoption of the above new amendments did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended 30 June 2017.

(b) New standards and amendments of HKFRS issued but are not yet effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group

A number of new standards and amendments to existing standards have been issued but are not yet effective for the financial year beginning on 1 January 2017, and have not been early adopted by the Group in preparing this condensed consolidated interim financial information. The Group is yet to assess the full impact of these new standards and amendments and intends to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

(i) HKFRS 9 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018.

(ii) HKFRS 15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2018.

(iii) HKFRS 16 'Leases', effective for annual periods beginning on or after 1 January 2019.

(iv) Amendments to HKFRS 4 'Insurance Contracts', effective for annual periods beginning on or after 1 January 2018.

(v) Amendment to HKFRS 1 'First Time Adoption of HKFRS', effective for annual periods beginning on or after 1 January 2018.

(vi) Amendment to HKAS 28 'Investments in Associates and Joint Ventures', effective for annual periods beginning on or after 1 January 2018.

(vii) HK (IFRIC) 22 'Foreign Currency Transactions and Advance Consideration', effective for annual periods beginning on or after 1 January 2018.

(viii) Amendments to HKFRS 10 and HKAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

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. 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 and jellies, ball cakes and beans, nuts and others; and
- Other products, including mainly wine and other food products.

Over 90% of the Group's revenue and business activities are conducted in the PRC.

The executive Directors assess the performance of the business segments based on profit before income tax without allocation of finance income-net and share of losses of associates, which is consistent with that in the financial statements.

The segment information for the six months ended 30 June 2017 is as follows:

	Six months ended 30 June 2017					
	Rice crackers *RMB'000*	**Dairy products and beverages** *RMB'000*	**Snack foods** *RMB'000*	**Other products** *RMB'000*	**Unallocated** *RMB'000*	**Group** *RMB'000*
Segment results						
Revenue	**1,953,069**	**4,530,485**	**2,839,842**	**23,960**	**–**	**9,347,356**
Segment profit/(loss)	**273,826**	**1,387,897**	**660,031**	**2,970**	**(270,852)**	**2,053,872**
Finance income-net						**18,703**
Share of losses of associates						**(1,822)**
Profit before income tax						**2,070,753**
Income tax expense						**(577,212)**
Profit for the period						**1,493,541**
Other segment items included in the income statement						
Depreciation of property, plant and equipment	**126,899**	**168,728**	**145,410**	**161**	**11,187**	**452,385**
Amortisation of leasehold land and land use rights	**3,934**	**7,095**	**2,981**	**610**	**104**	**14,724**
Depreciation of investment properties	**–**	**–**	**–**	**770**	**–**	**770**
Amortisation of intangible assets	**–**	**–**	**–**	**–**	**494**	**494**
Capital expenditure	**12,669**	**60,044**	**57,387**	**9,840**	**33,593**	**173,533**

The segment assets and liabilities as at 30 June 2017 are as follows:

	30 June 2017					
	Rice crackers *RMB'000*	**Dairy products and beverages** *RMB'000*	**Snack foods** *RMB'000*	**Other products** *RMB'000*	**Unallocated** *RMB'000*	**Group** *RMB'000*
Segment assets and liabilities						
Segment assets	**4,492,353**	**14,316,188**	**4,615,410**	**1,153,045**	**767,170**	**25,344,166**
Investments in associates						**38,313**
Total assets						**25,382,479**
Total liabilities	**1,028,614**	**1,681,948**	**788,153**	**219,324**	**8,796,521**	**12,514,560**

The segment information for the six months ended 30 June 2016 is as follows:

	Six months ended 30 June 2016					
	Rice crackers *RMB'000*	Dairy products and beverages *RMB'000*	Snack foods *RMB'000*	Other products *RMB'000*	Unallocated *RMB'000*	Group *RMB'000*
Segment results						
Revenue	2,071,569	4,676,327	2,941,921	19,659	–	9,709,476
Segment profit/(loss)	300,896	1,558,301	775,616	(3,781)	(255,300)	2,375,732
Finance income-net						59,891
Share of losses of associates						(2,951)
Profit before income tax						2,432,672
Income tax expense						(679,984)
Profit for the period						1,752,688
Other segment items included in the income statement						
Depreciation of property, plant and equipment	127,865	150,218	130,397	344	32,004	440,828
Amortisation of leasehold land and land use rights	2,924	7,136	3,181	690	100	14,031
Depreciation of investment properties	–	–	–	766	–	766
Amortisation of intangible assets	–	–	–	–	416	416
Capital expenditure	30,657	155,512	47,596	16,765	37,694	288,224

The segment assets and liabilities as at 31 December 2016 are as follows:

	31 December 2016					
	Rice crackers *RMB'000*	Dairy products and beverages *RMB'000*	Snack foods *RMB'000*	Other products *RMB'000*	Unallocated *RMB'000*	Group *RMB'000*
Segment assets and liabilities						
Segment assets	5,186,330	14,871,331	5,163,532	1,198,990	746,157	27,166,340
Investments in associates						42,867
Total assets						27,209,207
Total liabilities	1,391,258	2,035,739	1,202,014	237,259	10,022,014	14,888,284

5. Other gains – net

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gains	**(41)**	13,505
Gains/(losses) on disposal of property, plant and equipment, net	**6,052**	(6,311)
Gains on dispoal of leasehold land and land use rights	**2,612**	–
Donation expenses	**(3,753)**	(2,799)
Gains on fair value re-measurement of financial assets at fair value through profit or loss	**21,087**	35,965
Gains on disposal of financial assets at fair value through profit or loss	**579**	–
Others	**31,050**	17,019
Total	**57,586**	57,379

6. Other income

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Government grants	**273,084**	188,770
Sale of scraps	**21,618**	23,894
Rental income from investment properties, net	**1,320**	1,126
Others	**2,828**	1,759
Total	**298,850**	215,549

7. Income tax expense

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current income tax		
– Chinese mainland	**527,658**	576,049
– Taiwan region	**3,822**	5,485
– Hong Kong Special Administrative Region and overseas	**68**	76
	531,548	581,610
Deferred income tax	**45,664**	98,374
Total	**577,212**	679,984

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

8. Earnings per share

(a) Basic

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

	Six months ended 30 June	
	2017	2016
Profit attributable to equity holders of the Company (RMB'000)	**1,500,952**	1,756,442
Weighted average number of ordinary shares in issue (thousands)	**12,514,712**	12,751,293
Basic earnings per share	**RMB11.99 cents**	RMB13.77 cents

(b) Diluted

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

9. Dividends

Final dividend of RMB1,013,685,000 for the year ended 31 December 2016 was paid in June 2017 (2016: RMB1,043,114,000).

An interim dividend of US0.48 cent per share (2016: US0.58 cent) was declared by the Board of Directors on 22 August 2017. It is payable on or about 13 October 2017 to shareholders who are on the register of members of the Company on 22 September 2017. This interim dividend, amounting to RMB411,715,000 (2016: RMB490,351,000), has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognised in shareholders' equity in the year ending 31 March 2018.

10. Trade receivables

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Trade receivables		
– from third parties	**914,559**	1,311,675
– from related parties	**12,804**	11,470
	927,363	1,323,145
Less: provision for impairment	**(52,288)**	(52,307)
Trade receivables, net	**875,075**	1,270,838

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 (2016: 60 to 90 days).

As at 30 June 2017 and 31 December 2016, the ageing analysis of trade receivables based on invoice date is as follows:

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 60 days	**561,707**	1,044,858
61-90 days	**106,961**	103,535
91-180 days	**163,686**	103,470
181-365 days	**44,373**	36,078
Over 365 days	**50,636**	35,204
Total	**927,363**	1,323,145

11. Trade payables

As at 30 June 2017 and 31 December 2016, the ageing analysis of the trade payables is as follows:

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 60 days	**1,043,012**	1,271,829
61 to 180 days	**34,121**	53,899
181 to 365 days	**3,547**	6,465
Over 365 days	**10,417**	13,234
Total	**1,091,097**	1,345,427

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

According to the latest data released by the National Bureau of Statistics of China on 17 July 2017, China's gross domestic product (GDP) grew at 6.9% year-on-year in the first half of 2017, representing a continued steady and positive growth trend since the second half of 2016, which shows that China has entered into a new stage of stable and sound economic development.

In recent years, in light of the changing market conditions, the Group has continued to optimize its product offering structure and sales and marketing organization, adopt the multi-brand strategy, explore the operating models for emerging distribution channels, strengthen brand building and increase the marketing activities for the communication with consumers in order to enhance the coverage of the target consumer base and sustain Want Want's brand and product competitiveness in the evolving market. The abovementioned business strategies have gradually brought positive results in the first half of 2017:

Differentiated and Diversified Products

The Group upholds its differentiated product strategy and strives to present consumers with unique Want Want products. These not only provide consumers with the optimal product experience, but also minimize the price competition with rival products. The Group maintains a balanced development among its three key product segments to diversify the operational risks. The Group continues to promote product upgrade and optimization with focus on being healthy and tasty to satisfy the diversified needs of consumers. In the first half of 2017, the Group introduced various healthy products, such as the "premium high protein Hot-Kid milk" and the "Aiyo buckwheat noodles", of which at least 50% of the content is made of buckwheat. In addition, "Want Want Kou-Pao-Sha tea/coffee tablets" (旺旺口泡剎) series, which provides consumers with similar experience of drinking coffee or tea when they consume the products, bring brand new experience to consumers.

Multi-brand Strategy

In light of the increasing differentiation in the customer demands which could be very diverse with different regions and consumer age groups having different consumption habits, the Group strengthened its multi-brand strategy by operating various brands, such as "Hot-Kid", "Want Want", "Happy", "Yappy", "Baby Mum-Mum". We formulated targeted marketing strategies and tailored interactive activities with consumers having regard to the characteristics of each target consumer group of our different brands. For example, for the "Hot-Kid" brand which is targeted at children, we established intellectual property collaboration with licensing partners to launch co-branded products featuring popular kids' favourite cartoons characters, which has profoundly implanted our "Hot-Kid" brand in the consumption consciousness of the children.

Differentiated Channel Operation

The Group continued to adopt the 2016 differentiated channel operation strategy and developed the marketing model of "brand+channel". The Group introduced customized and differentiated products for different distribution channels, which can satisfy the needs of consumers from different channels and effectively minimize potential conflicts among channels.

Although the traditional channels are affected by certain newly emerging retail models in recent years, the Group accelerated the implementation of marketing policies and expedited the responsiveness to market changes by optimizing the sales and marketing organization, reducing the service radius and proactively exploring new business opportunities in fourth-tier and fifth-tier cities. At the same time, as the Group paid close attention to the inventory level of distributors, distributors' turnover of inventory was improved as compared with that in 2016. The accelerated turnover of inventory enabled fresher products being delivered to retail stores and enhanced the Group's responsiveness to the change of market demands at end points of sales.

In the development of diversified sales channels, modern channels also serve as display windows to showcase our products and carry the function of facilitating the interaction between online and offline channels. Currently, our sales through modern channels accounted for a relative low proportion in the Group's total sales. Although the modern channels in recent years are largely affected by external factors, through innovative marketing activities and the advantages of Want Want products' uniqueness, we remain confident with the future growth prospect of our sales through such channels.

The Group has also attached great importance to the development of new channels such as e-commerce and maternity channels. The Group believes that the exploration and investment in new channels will benefit our channel development in the medium-to-long term. Our e-commerce channels focus on the development of various business models (such as B2B (business-to-business), B2C (business-to-customer) and O2O (online-to-offline)) by constantly introducing new products (such as the "MR.HOT" series of snack packages with strong flavor, co-branded and licensed packaged products) that cater to the needs of consumers who are used to online shopping and promotion on new media. These led to the expansion of consumer groups and the increase in consumption frequency. In addition, the upgrade of the logistics model improved the efficiency and stability of delivery, which enhanced the user experience. The maternity channels are also expanding rapidly and gaining efficiency through economies of scale. As of June 2017, there were nearly 30 stock-keeping units (SKU) for sales at maternity stores, the number of which increased by more than 20% as compared with that in the first half of 2016. In the first half of 2017, the Group's e-commerce and maternity channels maintained their momentum of rapid revenue growth at over 50% as compared with that of the first half of 2016, which also exceeded the industry revenue growth for such channels.

Digital Marketing

In recent years, the Group has been proactively exploring diversified ways of digital marketing for different target groups to enhance the communication of our brands and interaction with consumers, including:

- Published creative content through the Hot-Kid Club (with the number of fans reached approximately 12 million in June 2017) to attract consumers' attention and interaction and strengthen the users' connectivity and loyalty towards the Want Want brands.

- Launched cross-industry branding collaborative projects. For example, through the "Want Want Gift Pack" live broadcast collaboration with "Google China" during the Chinese New Year, we invited more than one hundred official Weibo accounts to send festive greetings together, which made the Want Want brands part of the youngsters' life again overnight.

- Collaborated with "Alibaba" on the "511 Want Want Day". As the pronunciation of "511" is similar to "My Want Want", 11 May is designated as the Want Want Day. In addition, the Group reciprocated consumers' support on the birthday of the first piece of senbei rice crackers, and created the world record of the largest number of people hugging at the same time.

- Introduced on the Children's Day Hot Kid augmented reality image filter and made available via "BeautyCam" app. In addition, the Group introduced the Want Want yogurt breakfast bag with "Ele.me", and the "Want Want Time Machine" snack car with "Didi Chuxing". These efforts were successful examples of our online-to-offline marketing initiatives.

The Group also received various market recognition for its continuous innovative digital marketing, such as the "Most Influential Brand in Digital Marketing" in the 8th Golden Mouse Digital Marketing Contest, the Gold Award in the category of branding strategies (brand owners group) of the 5th TopDigital Innovation Award 2017, the Gold Case Award of the 6th Admen International Award and the "University Students' Favourite Brand" from the 2016 Golden Tower Award.

The Group achieved a total revenue of RMB9,347.4 million in the first half of 2017, representing a year-on-year decrease of 3.7%. In terms of the revenue attributable to the three key product segments, rice crackers and snack foods segments, in aggregate, accounted for 51.3% of the Group's revenue whilst that from the dairy products and beverages segment accounted for 48.5%. Due to the increase in the purchasing cost of some of the raw materials such as carton, sugar, plastic film and potato starch, the Group's gross profit margin for the first half of 2017 decreased by 3.3 percentage points over the same period of 2016 to 44.5%. The Group continued to focus on the efficiency in resources deployment and strived to improve its performance in a bid to maximize the operational efficiency. The aggregate of the Group's distribution costs and administrative expenses for the first half of 2017 decreased by 2.8% over that of the same period in 2016 to RMB2,465.8 million.

In the first half of 2017, primarily as a result of the decrease in gross profit margin due to the increase in the cost of certain key raw materials, the profit attributable to equity holders of the Company decreased by 14.5% as compared with that of the first half of 2016 to RMB1,501.0 million. The margin of profit attributable to equity holders of the Company decreased by 2.0 percentage points to 16.1%.

CHANGE OF FINANCIAL YEAR END DATE

As the "Want Want" brand and sales of certain products, particularly rice crackers and gift packs, are closely associated with the Chinese New Year, these products have their peak season for sales in the period of approximately 90 days leading up to the Chinese New Year ("Peak Sales Period"). However, as the date of the Chinese New Year changes every year, having a financial year end of 31 December means that the number of days of the Peak Sales Period on which sales are recognised for each financial year may vary materially (normally about 30 days), which may give rise to a substantial fluctuation when year-on-year comparisons are made, affecting the perception of the actual underlying business performance of the Company.

As such, the Board has resolved to change the financial year end date of the Company from 31 December to 31 March (the "Change of Financial Year End Date") commencing from the financial period ending on 31 March 2018, to better reflect the underlying business performance of the Company. The management does not foresee any material adverse impact on the financial position and operations of the Group as a result of the Change of Financial Year End Date.

REVENUE

The Group achieved a total revenue of RMB9,347.4 million in the first half of 2017, representing a year-on-year decrease of 3.7%. The decrease was attributable mainly to the early arrival of the Chinese New Year in 2017, which came 11 days earlier than that in 2016 such that a larger portion of the sales of products and thus the corresponding revenue for this festive season occurred in 2016, resulting in the revenue decline in the first quarter of 2017 as compared with that of the same period of 2016. Nevertheless, sales outside the Peak Sales Period were in line with the management's expectations.

In terms of the performance of the three key product segments, the impact on rice crackers due to the shorter period of sales leading to the Chinese New Year in 2017 by 11 days was the most obvious. Revenue of rice crackers amounted to RMB1,953.1 million, representing a decrease of 5.7% as compared with that of the same period in 2016. The performance of overseas markets was positive and achieved a high-single digit growth, resulted in the better overall performance of rice crackers in the first half of 2017 than the "short years" in the past. This shows that rice crackers have always maintained the momentum for healthy growth and its solid market leading position. Revenue of dairy products and beverages in the first half of 2017 decreased slightly by 3.1% as compared with that of the first half of 2016. Revenue of our core product "Hot-Kid milk" only recorded a slight year-on-year decrease of less than 1%, which shows that the sales of "Hot-Kid milk" has gradually stabilized as a result of progressive channel expansion and implementation of the strategy of product customization for all channels. Since some of the products in the snack foods segment were affected by the "short year" and counterfeit products, revenue of snack foods in the first half of 2017 slightly decreased by 3.5% as compared with that of the same period in 2016. However, benefiting from the hot weather, the revenue of popsicles achieved a high single-digit growth in the first half of 2017 as expected by the management.

Rice crackers

The revenue of rice crackers in the first half of 2017 was RMB1,953.1 million, representing a decrease of 5.7% as compared with that of the same period in 2016. The 2017 Chinese New Year came 11 days earlier than that in 2016 such that a larger portion of sales for such festive season being occurred and recorded at the end of 2016, which had a substantial impact on rice crackers that have a relatively higher concentration of sales before the Chinese New Year, likewise with the gift packs, sales of which are mainly concentrated in the 90 days prior to the Chinese New Year. As a result, revenue of the core-brand rice crackers and gift packs recorded a year-on-year decrease of 4.2% and 29.1% respectively. However, with the implementation of the multi-brand strategy, revenue of the sub-brand rice crackers still recorded a year-on-year increase of 20.5% in spite of the unfavourable impact of the shorter Chinese New Year sales period.

Sales of rice crackers in the second half of 2017, in particular gift packs, would be negatively impacted by the shorter sale period in 2017 leading to the 2018 Chinese New Year for 19 days, which is regarded as a "short year" for this festive sales. However, the Group is also actively planning various marketing activities for consumers, together with the commencement of festive-themed marketing activities for the "back to school" season, Mid-Autumn Festival, Christmas, Chinese New Year, etc. to achieve potential sales peaks. The management believes that the rice crackers would carry on the previous sales trend with healthy and stable performance.

Dairy products and beverages

Revenue of dairy products and beverages reached RMB4,530.5 million in the first half of 2017, representing a slight decrease of 3.1% as compared with that of the first half of 2016, which represented a smaller rate of decline as compared with that of the previous periods. The decrease in the revenue of "Hot-Kid milk", which accounted for approximately 90% in the revenue of dairy products and beverages, further narrowed to a slight decrease of 0.9% as compared with that of 2016. Taking into account the high comparative base in the first quarter of last year, sales of "Hot-Kid milk" have obviously stabilized gradually. Due to intense competition throughout distribution channels, revenue of beverages recorded a year-on-year decline in the first half of 2017.

The aggressive marketing promotional competition for destocking in the industry coupled with the shift of consumer demand led to the weak sales of our "Hot-Kid milk" in recent years. However, the Group did not engage in the price competition because of short-term performance pressure, instead, the Group focused on the continuous optimization and improvement of products and channels.

In terms of product offerings, the Group continued to pursue excellence in quality and taste of "Hot-Kid milk" to maintain high brand loyalty among consumers who love the unique taste of "Hot-Kid milk". In addition, the Group further diversified the product specifications and varieties and implemented sales strategies that better support product customization for all channels. Meanwhile, in response to the new demand of consumers, the Group introduced "room-temperature yogurt" and the "premium high protein Hot-Kid milk" to provide consumers with more choices.

For channel development, the Group gave priority to modern channels (in view of the relative low proportion of sales of dairy products in modern channels, which accounted for a mid single-digit of the segment revenue) by sorting the product price ranges and identifying and capturing the unmet market demands that could become a future growth driver for modern channels. For the expansion of traditional channels, the Group identified underperforming retail stores and invested more resources in the services and maintenance of points of sales, which provided the Group with a solid foundation to gradually improve its overall performance. The Group also continued to enhance the availability and display of products on shelves, which contributed to the further improvement of performance.

Snack foods

Revenue of snack foods in the first half of 2017 was RMB2,839.8 million, representing a slight decrease of 3.5% as compared with that in the first half of 2016. Due to the shorter Chinese New Year sales period and counterfeit issues for certain products, the performance of some of the snack foods in the first half of the year was negatively affected. However, popsicles, which accounted for more than 40% in the revenue of snack foods in the first half of the year, recorded a high single-digit growth.

Popsicles have long been the key products of Want Want as their fresh taste and unique way of eating are well-received by consumers. In the past two years, the management has been actively expanding and optimizing the product varieties, for example, with the introduction of a new product, the "Want Want Pocket Jelly" with kids' favorite cartoon packing. At the same time, the management has been managing and controlling vigorously the inventory level maintained by distributors to avoid overstocking that would affect distributor's working capital and confidence towards the years ahead. In 2017, driven by marketing policies, coupled with the help of favourable weather, the revenue from popsicles achieved a high-single digit growth in the first half of the year. Also, due to the prolonged high temperature in some regions of the Chinese mainland in July and August, the annual performance of popsicles is expected to be further enhanced.

In addition, the Group in 2016 cooperated actively with relevant law enforcement authorities to combat the counterfeit ball cakes. As a result of a series of effective actions, distributors' confidence has gradually recovered and so do the results and performance of ball cakes in the first half of 2017.

COST OF SALES

The cost of sales of the Group in the first half of 2017 amounted to RMB5,184.1 million, representing an increase of 2.3% as compared with that of the same period in 2016. The cost of sales of the Group included primarily cost of key raw materials (such as packaging materials, milk powder, sugar, rice and palm oil), direct labour and manufacturing costs such as utility expenses. In the first half of 2017, the cost of certain key raw materials of the Group such as packaging materials (mainly paper, plastic film and tinplate) and sugar increased substantially over that of the same period in 2016.

GROSS PROFIT

Due to the significant increase in the cost of certain key raw materials, the Group's gross profit margin dropped by 3.3 percentage points to 44.5% in the first half of 2017 as compared with that of 2016. Correspondingly, the gross profit decreased by 10.3% to RMB4,163.3 million for the first half of 2017. However, as the price of certain raw materials and packaging materials decreased gradually in the first quarter of 2017, the management expects that the gross profit margin would maintain stable if there are no material fluctuations in the price of the key raw materials in the second half of 2017.

Rice Crackers

The cost of key raw materials such as carton, sugar and palm oil increased by double-digit in the first half of 2017 as compared with that of the same period in 2016. Due to the shorter period for recording Chinese New Year sales for 2017, the revenue contribution from gift packs (which have a relatively higher gross profit margin) in the first half of 2017 was smaller than that of the same period in 2016. As a result of the combined effects of the abovementioned factors, the gross profit margin of rice crackers decreased by 3.2 percentage points to 38.5% as compared with that of the first half of 2016.

The Group continued to strengthen its multi-brand strategy and enhance the utilization rate of its production lines by introducing sub-brand rice crackers such as "Yappy" in certain regions to keep seizing market share and further consolidate the solid leading position of our rice crackers. The Group will continue to introduce new products, enhance the product mix and optimize the personnel deployment in production lines and initiate further automation to ensure the gross profit margin of rice crackers is maintained at an appropriate level.

Dairy products and beverages

The gross profit margin of dairy products and beverages was 47.3% in the first half of 2017, representing a decrease of 3.1 percentage points as compared with that of the same period in 2016, due mainly to a double-digit increase in the cost of raw materials such as carton and tinplate. With the product customization for all channels and enrichment of product categories by new products, as well as the gradual recovery of the performance of dairy products, the utilization rate of the plant and equipment of this product segment could be further enhanced and the unit cost structure could be optimized.

Snack foods

The gross profit margin of snack foods was 44.0% in the first half of 2017, representing a decrease of 4.2 percentage points as compared with that of the same period in 2016, due mainly to the higher proportion of usage of sugar in this segment while the cost of sugar in the first half of 2017 increased by more than 20% as compared with that of the first half of 2016. Among the three key product segments, snack foods have the widest range of products, including many distinctive products with a high market share, such as popsicles (碎冰冰), ball cakes and QQ gummy. Such multi-product operation is also favourable for diversifying the risks associated with operational uncertainties.

DISTRIBUTION COSTS

The distribution costs in the first half of 2017 decreased by RMB11.08 million, or 0.8%, to RMB1,356.5 million as compared with that of the same period in 2016. Distribution costs as a percentage of revenue increased by 0.4 percentage point to 14.5% as compared with that of the same period in 2016. Distribution costs comprise advertising and promotion expenses, transportation expenses and other distribution costs (consists mainly of labour cost).

Advertising and promotion expenses decreased by 12.1% to RMB313.0 million as compared with that of the same period in 2016, and as a percentage of revenue decreased by 0.4 percentage point to 3.3% as compared with 3.7% in the same period in 2016, which was due mainly to the shift in calendar dates of the 2017 Chinese New Year, so some of the Chinese New Year related expenses being occurred and recorded in the previous year.

The transportation expenses as a percentage of revenue increased slightly by 0.3 percentage point to 4.1% as compared with 3.8% in the first half of 2016 as a result of the increase in the price of transportation by the transportation companies in the second half of the previous year due to the effect of the policies for the transport industry. The Group has adopted various measures since the first half of the year such as increase the proportion of direct delivery and adjustments to transportation routes, and the transportation expenses to revenue ratio in the second half of the year is expected to be controlled effectively.

In addition, other distribution costs in the first half of 2017 increased slightly by 2.7% as compared with that in the same period of the previous year, as a result of the increase in the number of sales representatives in the points of sales in the first half of the year to implement the strategy of channel expansion as the Group strengthened the services and display quality at the points of sales, and actively developed new customers in fourth-tier and fifth-tier cities.

Going forward, the Group will continue to invest actively our resources in the expansion of our distribution channels and the development of new distribution channels in order to consoldiate the long-term competitiveness of Want Want products and brands among different distribution channels.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group decreased by 5.2% from RMB1,170.0 million in the first half of 2016 to RMB1,109.3 million in the first half of 2017, which was due primarily to the effective management and control of resources and corresponding efficiency. Administrative expenses as a percentage of revenue was 11.9%, representing a decrease of 0.2 percentage point from that of the first half of 2016.

OPERATING PROFIT

Owing to the decrease in gross profit margin, the Group's operating profit decreased from RMB2,375.7 million in the first half of 2016 to RMB2,053.9 million in the first half of 2017 with an operating profit margin of 22.0%.

INCOME TAX EXPENSE

The Group's income tax expense decreased from RMB680.0 million in the first half of 2016 to RMB577.2 million in the first half of 2017, while the income tax rate was 27.9%, representing a decrease of 0.1 percentage point as compared with that of the first half of 2016.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

In the first half of 2017, profit attributable to equity holders of the Company amounted to RMB1,501.0 million and the margin of profit attributable to equity holders was 16.1%.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2017, the Group will continue to progress steadily and drive the business performance through effective implementation of existing strategies, expansion of distribution channels, new products development and introduction, implementation of targeted brand marketing and enhancement of interaction with consumers.

Targeted Marketing and Consumer Interaction Initiatives

To take full advantages of the extensive consumer base due to our multi-brand strategy and diversified product offerings, the Group will carry out a series of consumer interaction initiatives in the second half of the year so as to drive a small climax for festive sales. For example, we expect the "back to school" activities of the "Hot-Kid" brand and the cross-brand collaboration with brands that are popular among children will make them fall in love with "Hot-Kid" while participating in the activities, and the themed marketing of "trick or treat" will drive the sales of Halloween candies. In addition, Mid-Autumn Festival, Christmas, New Year and other festivals match the "warm, reunion" brand image of Want Want, which are good opportunities for the sales of products such as rice crackers, gift packs, milk candies and biscuits.

Expansion and Maintenance of Distribution Channels

The Group will further invest resources in channel development such that consumers can see the well organized and abundant product display of Want Want products at more points of sales. Meanwhile, the Group will continue to strengthen the customization strategy of "brand+channel" by analyzing the consumer demand, optimizing and upgrading products such that our products placed in all channels can better suit the needs of the consumers.

As for new emerging channels, the Group will also spare no efforts in their exploration in pursuit of channel construction from medium-to-long term perspective. The Group will also select some suitable products to develop overseas markets.

Improved Production Management to Achieve Energy-saving and Environmental Protection

The Group will continue to apply zero risk tolerance on production management by constantly optimizing every aspect of the supply chain to ensure that consumers can always enjoy our delicious and trustworthy products. While ensuring the product quality, the Group also focuses on fulfilling the social responsibility of energy-saving and environmental protection, optimizing the product manufacturing process and adopting green energy gradually. Besides the pilot program of the distributed photovoltaic plate project introduced in Shanghai, the program will be further implemented gradually in some of the factories where rich sunlight can be found to replace traditional energy with sustainable clean energy, so that Want Want products can be perfected from the inside out while contributing to the earth's future.

LIQUIDITY AND CAPITAL RESOURCES

Cash and borrowings

We finance our operations and capital expenditure primarily by internally generated cash flows as well as banking facilities provided by our principal bankers. As at 30 June 2017, our bank balances and deposits amounted to RMB10,827.4 million (31 December 2016: RMB11,557.4 million) (of which 80% was RMB, amounted to approximately RMB8,630 million; 19% was USD, equivalent to approximately RMB2,050 million), representing a decrease of RMB729.9 million as compared with that as at 31 December 2016, which was due mainly to the borrowings of the current period being reduced.

As at 30 June 2017, our total borrowings amounted to RMB8,667.8 million (31 December 2016: RMB9,903.5 million), representing a decrease of RMB1,235.7 million as compared with that as at 31 December 2016. The long-term borrowings, including the guaranteed bonds ("Bonds") and senior notes ("Notes") issued, amounted to RMB3,333.3 million (31 December 2016: RMB5,890.5 million), representing a decrease of RMB2,557.2 million as compared with that as at 31 December 2016. The short-term borrowings amounted to RMB5,334.6 million (31 December 2016: RMB4,013.1 million), representing an increase of RMB1,321.5 million as compared with that as at 31 December 2016. The decrease in long-term borrowings and increase in short-term borrowings were due primarily to the approaching maturity of the 5-year term Notes issued in 2013, and was reclassified from the long-term borrowings to the short-term borrowings.

The Group issued US$600.0 million 5-year term notes with a coupon rate of 1.875% per annum in May 2013. As at 30 June 2017, the Notes payable amounted to US$599.4 million (31 December 2016: US$599.1 million).

The Group issued US$500.0 million 5-year term guaranteed bonds with a coupon rate of 2.875% per annum in April 2017. As at 30 June 2017, the Bonds payable amounted to US$492.0 million.

Our net gearing ratio (total borrowings net of cash and cash equivalents as a percentage of total equity (excluding non-controlling interests)) as at 30 June 2017 was -0.17 time (31 December 2016: -0.13 time). At present, we maintain sufficient cash and available banking facilities for our working capital requirements and for capitalizing on any potential investment opportunities in the future. The management will from time to time make prudent financial arrangements and decisions to address changes in the domestic and international financial environment.

Cash Flow

In the first half of 2017, our cash and cash equivalents decreased by RMB729.9 million, which was used mainly for repayment of borrowings. RMB1,561.6 million was generated from our operating activities. Net cash outflow for financing activities was RMB2,152.8 million, which was used mainly for paying dividends of RMB1,013.7 million. The net borrowings outflow was RMB1,094.2 million. The net cash outflow for investment activities was RMB86.4 million.

Capital Expenditure

Our capital expenditure for 2017 is estimated to be approximately RMB500 million, which will be used mainly for completing the outstanding construction work of plant, purchasing machinery and equipment, improving information facilities, and increasing the investment in automated warehouse and storage equipment.

In the first half of 2017, our total capital expenditure amounted to RMB173.5 million (first half of 2016: RMB288.2 million). We spent approximately RMB12.67 million, RMB60.04 million and RMB57.39 million for expansion of factory buildings and facilities including plant and equipment and upgrade of some of the old plant and production facilities for rice crackers, dairy products and beverages and snack foods, respectively, in order to prepare for the further growth of our Group. The remaining capital expenditure was made mainly for the purpose of adding facilities for information technology and packaging, etc.

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

Inventory analysis

Our inventory consists primarily of finished goods, goods in transit and work-in-progress for rice crackers, dairy products and beverages, snack foods and other products, as well as raw materials and packaging materials.

The following table sets forth the number of our inventory turnover days for the six months ended 30 June 2017 and for the year ended 31 December 2016:

	Six months ended 30 June 2017	Year ended 31 December 2016
Inventory turnover days	**81**	94

The decrease in inventory turnover days was attributable mainly to the long-term control over the operating efficiency of supply chain. The inventory balance as at 30 June 2017 amounted to RMB2,204.4 million (31 December 2016: RMB2,452.6 million).

Trade receivables

Our trade receivables represent the amounts due from our customers for goods sold in credit. The terms of credit granted to our customers are usually 60 to 90 days. Sales to most of our customers in the PRC are conducted on a cash-on-delivery basis. We only grant credit to customers in our modern channel distribution channels, which then on-sell our products to end-consumers.

The following table sets forth the number of our trade receivables turnover days for the six months ended 30 June 2017 and the year ended 31 December 2016:

	Six months ended 30 June 2017	Year ended 31 December 2016
Trade receivables turnover days	**21**	20

Trade payables

Our trade payables mainly relate to the purchase of raw materials 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 June 2017 and the year ended 31 December 2016:

	Six months ended 30 June 2017	Year ended 31 December 2016
Trade payables turnover days	**42**	45

PLEDGE OF ASSETS

As at 30 June 2017, none of our assets was pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

Our average number of employees was approximately 45,500 in the first half of 2017, representing a decrease of 1,400 over the same period in 2016. Our total remuneration expenses in the first half of 2017 amounted to RMB1,746.4 million, representing a decrease of 1.4% over the first half of 2016. 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 the individual.

We have been investing in the continuing education and training programs of our employees. Training programs, both external and internal, are provided to relevant staff as and when required to constantly improve their professional knowledge and skills.

FOREIGN EXCHANGE RISKS

The presentation currency of the Group has changed to RMB from USD since 2016 but our Company's functional currency is still USD. More than 90% of our activities are conducted in the Chinese mainland, our Chinese mainland subsidiaries' functional currency is RMB. Foreign exchange risks arise mainly from procurement of raw materials and equipment from overseas, dividend payments and certain recognised assets and liabilities.

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

AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors, namely Mr. Toh David Ka Hock (chairman), Dr. Pei Kerwei, Mr. Chien Wen-Guey and Mr. Lee Kwang-Chou.

The unaudited interim results of the Group for the six months ended 30 June 2017 have been reviewed by the Audit Committee and PricewaterhouseCoopers, 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 June 2017, 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, A.4.1 and E.1.2. 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.

Code provision E.1.2

Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. Our Company deviates from this provision because Mr. Tsai Eng-Meng, an executive Director and the Chairman of the Board, were unable to attend the annual general meeting of the Company held on 12 May 2017 due to other important engagement at that time.

The Company will periodically review and improve its corporate governance practices with reference to the latest corporate governance developments.

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 June 2017.

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

During the six months ended 30 June 2017, the Company repurchased 9,851,000 shares on The Stock Exchange of Hong Kong Limited for an aggregate amount (excluding expenses) of 49,458,061 Hong Kong dollars (HK$). Such repurchased shares were cancelled during the period.

Details of the above mentioned share repurchases are as follows:

Month of repurchases	Total number of shares repurchased	Highest price paid per share *(HK$)*	Lowest price paid per share *(HK$)*	Aggregate amount paid (excluding expenses) *(HK$)*
January 2017	8,435,000	5.00	4.89	41,860,090
February 2017	1,416,000	5.39	5.36	7,597,971
	9,851,000			49,458,061

The Directors of the Company believe that the above share 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 Notes and the Bonds) of the Company during the six months ended 30 June 2017 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 US0.48 cent per ordinary share of the Company for the six months ended 30 June 2017. The interim dividend is expected to be paid on or about 13 October 2017 to shareholders whose names appear on the register of members of the Company on 22 September 2017. Shareholders registered under the principal register of members in the Cayman Islands will automatically receive their cash dividends in United States dollars while shareholders registered under the Hong Kong branch register of members will automatically receive their cash dividends in Hong Kong dollars. The Hong Kong dollar interim dividend will be calculated with reference to the exchange rate of United States dollars against Hong Kong dollars on 22 September 2017.

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 19 September 2017. The register of members of the Company will be closed from 20 September 2017 to 22 September 2017 (both dates inclusive).

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

Hong Kong, 22 August 2017

As at the date of this announcement, the executive Directors are Mr. TSAI Eng-Meng, Mr. TSAI Wang-Chia, Mr. HUANG Yung-Sung, Mr. CHU Chi-Wen and Mr. CHAN Yu-Feng; the non-executive Directors are Mr. LIAO Ching-Tsun, Mr. TSAI Shao-Chung, Mr. MAKI Haruo and Mr. CHENG Wen-Hsien; and the independent non-executive Directors are Mr. TOH David Ka Hock, Dr. PEI Kerwei, Mr. CHIEN Wen-Guey, Mr. LEE Kwang-Chou and Dr. KAO Ruey-Bin.