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 2019

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 September		
	2019	2018	Change
Key income statement items	***RMB'000***	*RMB'000*	*%*
Revenue	**9,304,071**	9,248,125	+0.6
Gross profit	**4,550,046**	4,116,942	+10.5
Operating profit	**2,053,767**	1,772,352	+15.9
Profit attributable to equity holders of the Company	**1,614,913**	1,364,413	+18.4
Key financial ratios	**%**	%	% point
Gross profit margin	**48.9**	44.5	+4.4
Operating profit margin	**22.1**	19.2	+2.9
Margin of profit attributable to equity holders of the Company	**17.4**	14.8	+2.6

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 September 2019 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 September 2019

	Note	**Unaudited Six months ended 30 September 2019** *RMB’000*	2018 *RMB’000*
Revenue	4	**9,304,071**	9,248,125
Cost of sales		**(4,754,025)**	(5,131,183)
Gross profit		**4,550,046**	4,116,942
Other gains/(losses) – net	5	**1,787**	(4,343)
Other income	6	**157,523**	214,000
Distribution costs		**(1,369,929)**	(1,439,149)
Administrative expenses		**(1,285,660)**	(1,115,098)
Operating profit		**2,053,767**	1,772,352
Finance income		**295,544**	236,173
Finance costs		**(158,169)**	(123,770)
Finance income – net		**137,375**	112,403
Share of losses of associates		**(1,775)**	(3,697)
Profit before income tax		**2,189,367**	1,881,058
Income tax expense	7	**(584,518)**	(525,590)
Profit for the period		**1,604,849**	1,355,468
Profit attributable to:			
– Equity holders of the Company		**1,614,913**	1,364,413
– Non-controlling interests		**(10,064)**	(8,945)
		1,604,849	1,355,468
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share	8	**RMB12.99 cents**	RMB10.96 cents
Diluted earnings per share	8	**RMB12.99 cents**	RMB10.96 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Unaudited Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Profit for the period	**1,604,849**	1,355,468
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(366,957)**	(518,869)
Items that will not be reclassified subsequently to profit or loss		
Remeasurements on post-employment benefit obligations	**(7)**	–
Change in value of financial assets at fair value through other comprehensive income	**(959)**	(3,869)
Other comprehensive income for the period	**(367,923)**	(522,738)
Total comprehensive income for the period	**1,236,926**	832,730
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	**1,248,039**	845,022
– Non-controlling interests	**(11,113)**	(12,292)
	1,236,926	832,730

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2019

	Note	**Unaudited 30 September 2019** *RMB'000*	Audited 31 March 2019 *RMB'000* (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	12	**7,082,819**	7,331,250
Leasehold land and land use rights		**–**	939,914
Investment properties		**38,116**	38,038
Intangible assets		**13,461**	14,199
Investments in associates		**17,004**	18,779
Deferred income tax assets		**261,465**	242,205
Financial assets at fair value through other comprehensive income		**38,538**	38,671
Right-of-use assets		**1,046,569**	–
Other non-current assets		**27,108**	25,980
Total non-current assets		**8,525,080**	8,649,036
Current assets			
Inventories	12	**2,576,590**	2,387,747
Trade receivables	10, 12	**939,089**	1,034,970
Prepayments, deposits and other receivables	12	**676,790**	642,224
Cash and cash equivalents	12	**16,636,232**	17,160,428
Total current assets		**20,828,701**	21,225,369
Total assets		**29,353,781**	29,874,405

	Note	**Unaudited 30 September 2019** *RMB'000*	Audited 31 March 2019 *RMB'000* (Restated)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**1,867,410**	1,871,067
Reserves		**12,005,212**	13,491,223
		13,872,622	15,362,290
Non-controlling interests		**84,887**	97,537
Total equity		**13,957,509**	15,459,827
LIABILITIES			
Non-current liabilities			
Borrowings	12	**8,697,704**	7,773,478
Deferred income tax liabilities		**236,074**	267,528
Other non-current liabilities		**77,243**	75,037
Lease liabilities		**74,855**	–
Total non-current liabilities		**9,085,876**	8,116,043
Current liabilities			
Trade payables	11	**1,217,600**	1,034,900
Accruals and other payables	12	**2,053,106**	2,061,082
Contract liabilities	12	**1,093,632**	1,117,541
Current income tax liabilities		**263,340**	341,130
Borrowings		**1,637,941**	1,743,882
Lease liabilities		**44,777**	–
Total current liabilities		**6,310,396**	6,298,535
Total liabilities		**15,396,272**	14,414,578
Total equity and liabilities		**29,353,781**	29,874,405

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

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 19 November 2019.

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 September 2019 has been prepared in accordance with HKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information does not include all the notes of the type normally included in the annual consolidated financial statement. Accordingly, it should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with HKFRSs, except for the adoption of the new and amended standards as disclosed below.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019, 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 2020.

(a) New standards, amendments and interpretation of HKFRSs adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. None of them has significant financial impact to the Group except for HKFRS 16 as disclosed.

(i) HKFRS 16 'Leases'

The Group has adopted HKFRS 16 'Leases' from 1 April 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 April 2019.

Adjustments recognised on adoption

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

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

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

The recognised right-of-use assets relate to the following types of assets:

	30 September 2019 *RMB'000*	1 April 2019 *RMB'000*
Land use rights	**928,468**	939,914
Buildings and warehouses	**117,899**	105,386
Equipment and others	**202**	210
Total right-of-use assets	**1,046,569**	1,045,510
Current lease liabilities	**44,777**	26,075
Non-current lease liabilities	**74,855**	79,521
Total lease liabilities	**119,632**	105,596

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

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

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

Impact on segment disclosures and profit

Segment profit for the six months ended 30 September 2019 decreased, while segments assets and segment liabilities as at 30 September 2019 both increased as a result of the changes in accounting policies. The following segments were affected by the changes in policies:

	Segment profit ***RMB'000***	**Segment assets** ***RMB'000***	**Segment liabilities** ***RMB'000***
Rice crackers	405	20,101	20,361
Dairy products and beverages	1,313	65,201	66,047
Snack foods	628	31,202	31,606
Other products	31	1,597	1,618
	2,377	118,101	119,632

Practical expedients applied

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

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

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

The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and equipment. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 March 2019, leases of buildings and warehouses, equipment and others were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;

- any lease payments made at or before the commencement date less any lease incentives received.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of equipments and others.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the extension option was exercised in the six months ended 30 September 2019.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

(ii) Annual Improvements to HKFRSs 2015-2017 Cycle which were finalised in December 2017:

- HKFRS 3 'Business Combinations'-clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

- HKFRS 11 'Joint Arrangements'-clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

- HKAS 12 'Disclosure of Interests in Other Entities'-clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

- HKAS 23 'Borrowing Costs'-clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

(iii) HK (IFRIC) 23 'Uncertainty over Income Tax Treatments', explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e., detection risk should be ignored;

- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

(iv) ***Amendments to HKFRS 9 regarding prepayment features with negative compensation, enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.***

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

(v) ***Amendments to HKAS 28 regarding long-term interests in associates and joint ventures, clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under HKFRS 9 'Financial Instruments' before applying the loss allocation and impairment requirements in HKAS 28 'Investments in Associates and Joint Ventures'.***

(vi) ***Amendments to HKAS 19 regarding plan amendment, curtailment or settlement, clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:***

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change

- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling

- separately recognise any changes in the asset ceiling through other comprehensive income.

(b) The following new standard, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 April 2019 and have not been early adopted by the Group

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

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

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

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

(v) Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture, originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has 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-temparature yogurt, yogurt drinks, ready-to-drink coffee, juice drinks, sports drinks, herbal tea and milk powder;

- Snack foods, including candies, popsicles, ball cakes and jellies, beans, nuts and others; and

- Other products, including mainly wine and other food products.

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

The executive Directors assess the performance of the business segments based on profit before income tax without allocation of unallocated costs, 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 September 2019 is as follows:

	Six months ended 30 September 2019				
	Rice crackers *RMB'000*	**Dairy products and beverages** *RMB'000*	**Snack foods** *RMB'000*	**Other products** *RMB'000*	**Group** *RMB'000*
Segment results					
Revenue	**1,820,605**	**4,949,929**	**2,508,634**	**24,903**	**9,304,071**
Timing of revenue recognition					
At a point in time	**1,820,605**	**4,949,929**	**2,508,634**	**24,903**	**9,304,071**
Segment profit	**287,553**	**1,531,721**	**513,081**	**11,956**	**2,344,311**
Unallocated costs					**(290,544)**
Finance income – net					**137,375**
Share of losses of associates					**(1,775)**
Profit before income tax					**2,189,367**
Income tax expense					**(584,518)**
Profit for the period					**1,604,849**
Other segment items included in the income statement					
Depreciation of property, plant and equipment	**115,845**	**174,649**	**114,203**	**1,042**	**405,739**
Amortisation of leasehold land and land use rights	**7,456**	**15,379**	**7,341**	**1,641**	**31,817**
Depreciation of investment properties	**–**	**–**	**–**	**731**	**731**
Unallocated depreciation and amortisation of property, plant and equipment, leasehold land and land use rights, investment properties and intangible assets	**–**	**–**	**–**	**–**	**8,325**
Capital expenditure					
Capital expenditure by segments	**16,997**	**47,024**	**33,164**	**7,021**	**104,206**
Unallocated capital expenditure					**31,211**
Total capital expenditure					**135,417**

The segment assets and liabilities as at 30 September 2019 are as follows:

	30 September 2019				
	Rice crackers *RMB'000*	**Dairy products and beverages** *RMB'000*	**Snack foods** *RMB'000*	**Other products** *RMB'000*	**Group** *RMB'000*
Segment assets and liabilities					
Segment assets	**2,229,700**	**6,896,981**	**3,328,331**	**120,990**	**12,576,002**
Unallocated assets					**124,543**
Cash and cash equivalents					**16,636,232**
Investments in associates					**17,004**
Total assets					**29,353,781**
Segment liabilities	**947,445**	**2,586,634**	**1,309,412**	**14,299**	**4,857,790**
Unallocated liabilities					**202,837**
Borrowings					**10,335,645**
Total liabilities					**15,396,272**

The segment information for the six months ended 30 September 2018 is as follows:

	Six months ended 30 September 2018				
	Rice crackers *RMB'000*	Dairy products and beverages *RMB'000*	Snack foods *RMB'000*	Other products *RMB'000*	Group *RMB'000*
Segment results					
Revenue	1,859,329	4,690,316	2,675,834	22,646	9,248,125
Timing of revenue recognition					
At a point in time	1,859,329	4,690,316	2,675,834	22,646	9,248,125
Segment profit	261,331	1,333,516	493,668	908	2,089,423
Unallocated costs					(317,071)
Finance income-net					112,403
Share of losses of associates					(3,697)
Profit before income tax					1,881,058
Income tax expense					(525,590)
Profit for the period					1,355,468
Other segment items included in the income statement					
Depreciation of property, plant and equipment	118,838	168,529	115,515	608	403,490
Amortisation of leasehold land and land use rights	3,131	7,053	3,067	611	13,862
Depreciation of investment properties	–	–	–	730	730
Unallocated depreciation and amortisation of property, plant and equipment, leasehold land and land use rights, investment properties and intangible assets	–	–	–	–	9,667
Capital expenditure					
Capital expenditure by segments	40,733	78,195	12,606	16,428	147,962
Unallocated capital expenditure					33,698
Total Capital expenditure					181,660

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

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

5. Other gains/(losses) – net

	Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Net foreign exchange gains/(losses)	**8,270**	(31,004)
Losses on disposal of property, plant and equipment, net	**(4,285)**	(3,818)
Gains on dispoal of leasehold land and land use rights	**–**	3
Donation expenses	**(5,538)**	(2,168)
Gains on fair value re-measurement of financial assets at fair value through profit or loss	**–**	14,555
Others	**3,340**	18,089
Total	**1,787**	(4,343)

6. Other income

	Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Government grants	**121,555**	174,844
Sale of scraps	**31,079**	30,806
Rental income from investment properties	**1,053**	1,861
Others	**3,836**	6,489
Total	**157,523**	214,000

7. Income tax expense

	Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Current income tax		
– Chinese mainland	**509,156**	500,205
– Taiwan region	**6,776**	4,031
– Hong Kong Special Administrative Region and overseas	**142**	195
	516,074	504,431
Deferred income tax	**68,444**	21,159
Total	**584,518**	525,590

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 September	
	2019	2018
Profit attributable to equity holders of the Company (RMB'000)	**1,614,913**	1,364,413
Weighted average number of ordinary shares in issue (thousands)	**12,428,837**	12,449,287
Basic earnings per share	**RMB12.99 cents**	RMB10.96 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 and special dividend of RMB2,543,364,000 for the year ended 31 March 2019 was paid in September 2019 (for the year ended 31 March 2019: RMB2,296,618,000).

An interim dividend for the six months ended 30 September 2019 of US0.64 cent per share (An interim dividend for the six months ended 30 September 2018: US0.53 cent) was declared by the Board of Directors on 19 November 2019. It is payable on 24 December 2019 to shareholders who are on the register of members of the Company on 6 December 2019. This interim dividend, amounting to RMB550,209,000 (as at 30 September 2018: RMB438,670,000), has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognized in shareholders' equity in the financial year ending 31 March 2020.

10. Trade receivables

	30 September 2019	31 March 2019
	RMB'000	*RMB'000*
		(restated)
Trade receivables		
– from third parties	**995,810**	1,094,011
– from related parties	**18,541**	13,039
	1,014,351	1,107,050
Less: provision for impairment	**(75,262)**	(72,080)
Trade receivables, net	**939,089**	1,034,970

Most of the Group's sales are on cash-on-delivery basis whereas those made through modern distribution channels are normally on credit terms ranging from 60 to 90 days (for the year ended 31 March 2019: 60 to 90 days).

As at 30 September 2019 and 31 March 2019, the ageing analysis of trade receivables based on invoice date is as follows:

	30 September 2019	31 March 2019
	RMB'000	*RMB'000*
		(restated)
Within 60 days	**632,285**	447,461
61-90 days	**155,235**	368,864
91-180 days	**72,266**	199,770
181-365 days	**92,026**	36,511
Over 365 days	**62,539**	54,444
Total	**1,014,351**	1,107,050

11. Trade payables

As at 30 September 2019 and 31 March 2019, the ageing analysis of the trade payables is as follows:

	30 September 2019 *RMB'000*	31 March 2019 *RMB'000*
Within 60 days	**1,195,166**	970,721
61 to 180 days	**5,773**	43,194
181 to 365 days	**3,446**	6,422
Over 365 days	**13,215**	14,563
Total	**1,217,600**	1,034,900

12. Business Combination

Acquisition of Poyang County Linwang Forestry Development Co., Limited

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

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

	18 June 2019 *RMB'000*	31 March 2019 *RMB'000*
ASSETS		
Property, plant and equipment	**7,106**	7,134
Inventories	**4,617**	3,701
Trade receivables	**678**	21
Prepayments, deposits and other receivables	**2,106**	774
Cash and cash equivalents	**16,750**	26,337
LIABILITIES		
Borrowings	**–**	3,000
Accruals and other payables	**361**	3,266
Contract liabilities	**–**	110
Net Assets	**30,896**	31,591
Difference recognised in equity	**21,090**	
Total purchase consideration	**51,986**	

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

During the period from 1 April 2019 to 30 September 2019 (the "first half of 2019FY"), total revenue of the Group amounted to RMB9,304.1 million, representing an increase of 0.6% as compared with that of the period from 1 April 2018 to 30 September 2018 (the "first half of 2018FY"). Core products (Hot-Kid Milk, core-brand rice crackers, candies and beans, jellies and others) which, in aggregate, contributed around 85% of the Group's total revenue posted a mid-single-digit revenue growth rate. Benefiting from the product mix optimization and the decrease in the cost of certain key raw materials, the Group's gross profit margin for the first half of 2019FY increased by 4.4 percentage points year-on-year to 48.9%. The operating expense (the aggregate of distribution costs and administrative expenses) as a percentage of revenue was 28.5% and increased by 4.0% year-on-year to RMB2,655.6 million. The operating profit (excluding other income and other gains–net) increased by 21.2% to RMB1,894.5 million as compared with that of the same period in the previous year.

As a result, the profit attributable to equity holders of the Company in the first half of 2019FY increased by 18.4% as compared with that of the same period in the previous year and reached RMB1,614.9 million. The margin of profit attributable to equity holders of the Company increased by 2.6 percentage points to 17.4%.

Summary of operating strategies

In recent years, the Group initiated a diversified digital marketing approach which strengthened its brand image and enabled it to keep up with the trend and interact with consumers. As this year marks the 70th anniversary of the China's National Day as well as the 40th anniversary of the establishment of the image of "Hot-Kid" IP, the Group launched promotion events with the Hot-Kid IP images of 56 ethnic groups as the theme and received positive responses and praises from consumers online and offline. At the same time, the Group actively extended the point-of-sale coverage of its emerging channels and expanded the overseas markets to cover more consumer groups. The Group, by taking into account the consumers' personalized demands, defined the requirements of its brands, upgraded its products and introduced new products which enabled the Group to enhance its presence in the relatively untracked market segments. Those new products with special features have gradually become a revenue growth driver of the Group.

Channel diversification

In the first half of 2019FY, the Group's core products (which, in aggregate, contributed around 85% of the Group's total revenue) achieved a mid-to-high single-digit revenue growth rate in terms of sales through the wholesale channels. Through brand marketing, the Group maintained the activeness of "Want Want" in the consumers' horizon. Through further channel penetration and collective efforts in both online and offline channels, our sales network coverage was strengthened. By maintaining the order in market price, channel profitability was safeguarded and distributors' confidence was enhanced. Strengthened support services at retail stores and the launch of a code scanning lucky draw event (with the code printed inside the box) with high winning rate helped to boost retail sales momentum. Inventory management was improved to ensure the freshness of our products on shelves and enhance our product competitiveness.

In the first half of 2019FY, the Group achieved a mid-to-high single-digit revenue growth rate in overseas markets. This was attributable mainly to its strong brand recognition and large variety of product offering. In the future, the Group will further optimize its overseas market footprint and focus on local channel development so as to promote Want Want's brand, and export its delicious products to every corner of the world.

Brand building and upgrade of products

The Group focuses on brand building and positions its brands according to consumers' age and their differentiated needs so as to serve the precise target customer groups. "Baby Mum-Mum" is a maternal and child brand specifically designed for babies and toddlers, which has earned the trust of young mothers for its quality assurance of product safety and healthiness and of ingredients that are suitable for the growth of babies and toddlers. Brands such as "Fix Body", "Queen Alice", "Mr. Bond" and "Shi Ji Yan" (食技研) are brands with distinctive characteristics for capturing the preferences of youngsters (i.e. in pursuit of innovation and changes, keen on keeping fit and keeping up with fashion trends). Meanwhile, the Group also attends to the demands of middle-aged and elderly people for nutrients in food and provides products tailored for them under the brand, namely "Prime of Love" (愛至尊).

Further, the Group also places great importance on innovation and bringing in new products as well as product optimization and upgrade. New products launched in recent years have become an important source of revenue for the Group. These products include the brown-sugar coated crackers and "Tian She Mi Shao" (田舍米燒) which are not only healthy and nutritious but also tasty and has a unique texture, the "Dongchi" (凍癡) series which bring new experience to the consumers with its innovative packaging and consumption method, and the sugar-coated crackers and senbei (仙貝) in new packing which fulfills the demands in the market for bulk-size products. Product upgrades also help promote balanced development of the Group's product portfolios.

Digital marketing

The Group has successfully enhanced interaction and built closer relationship with young consumers by launching innovative and interesting digital marketing events. IP cooperation and marketing helped to build a more fresh and lively brand image of Want Want. Through engaging in social media activities and with the help of the product recommendations shared by KOL (Key Opinion Leaders), a Want Want fans ecosystem was created, which was beneficial to the expansion of customer base and channel construction in the medium to long term.

Classical marketing activities that the Group launched in recent years, such as "Getting Big" (搞大了) program, "Want Want-tyakasha" (旺旺-tyakasha) cross-sector marketing activity, etc. have helped to shape a young and energetic brand image of Want Want. The 40th Anniversary Hot-Kid IP Theme Exhibition (旺仔IP40周年主題展) enhanced the communications with consumers of different age groups. The event of scanning QR Code on the package enabled our countless consumers to be further acquainted with Want Want. The innovatively rewritten Want Want Rock 'n' Roll cup jelly (搖滾凍) theme song together with the video of "I WANT Dong Li Lab" (I WANT凍力實驗室) uploaded online have achieved a total of over 9 million views and a total activity exposure exceeding 50 million. Through the establishment and consolidation of a membership system, the Group can understand more about its consumer groups, narrow the distance with Want Want fans and provide fans with interesting and diverse shopping experience.

REVENUE

In the first half of 2019FY, total revenue of the Group amounted to RMB9,304.1 million, representing an increase of 0.6% as compared with that of the first half of 2018FY. The Group maintained its balanced product development strategy. Revenue from dairy products and beverages segment accounted for 53% of the Group's total revenue while that from rice crackers and snack foods segments together accounted for 47% of the Group's total revenue.

Rice crackers

In the first half of 2019FY, revenue from rice crackers segment decreased by 2.1% year-on-year to RMB1,820.6 million. This was due mainly to the Group's strategic decision to reduce the production volume of the low-margin sub-brand rice-crackers for profitability consideration. Revenue from core-brand rice crackers recorded a year-on-year increase of 3.4%, of which revenue from wholesale channels and revenue from overseas markets both achieved a mid-to-high single-digit growth rate and emerging channels such as vending machines, Want Want official online mall, OEM, etc. experienced a rapid growth.

Brand building and IP collaboration created an energetic and youthful image of "Want Want" among consumers. During the period, the hot topics included double colored wet paddy field showing the phrase "Want Want Rice Crackers Got Rice" grown on the black soil of Jiamusi, demonstrated the Group's quality control process that traced the origin of rice crackers' ingredients, the optimization and upgrade of products that fulfilled the demands of consumers for healthy and delicious products, the "brown-rice rice crackers" and "seaweed rice crackers" which have gradually become a new driving force for the revenue growth of rice crackers segment.

Alongside with the expansion of channels, sales through wholesale channels continued to maintain a healthy growing trend and rice cracker products also received great acceptance in emerging channels, such as theme stores, vending machines, Want Want official online mall, maternal and child channels, all recorded good repeated purchase rate, which drove the rapid growth in emerging channels for core-brand rice crackers. Meanwhile, sales of maternal and child products under the "Baby Mum-Mum" brand for export have been performed well for over 10 years and have become a major product in babies and toddlers food shelves in Europe and United States, enabling exported rice cracker products to maintain a mid-single-digit revenue growth rate. In the first half of 2019FY, the low sugar and trans-fatty acid free rice crackers, that are rich in dietary fibers and designed for elderlies, provided another choice of healthy snacks for them. Thus, the Group has developed a product range suitable for consumers from 6-month-old infants and youngsters to elderlies. By leveraging on our 36 years of solid experience in factory production management and innovative research and development capability in rice crackers, the orders for OEM have been increasing.

In the second half of 2019FY, with the arrival of the Chinese New Year, the peak sales season for rice cracker products, specialized festival gifts packs will be introduced to the market according to the consumers' needs and characteristics in different channels, and the festival version of ethnic group limited edition of rice cracker products will bring joyful shopping experience to consumers.

Dairy products and beverages

In the first half of 2019FY, the revenue from dairy products and beverages segment amounted to RMB4,949.9 million, representing a year-on-year growth of 5.5%. The key product, "Hot-Kid Milk", which accounted for over 90% of the revenue from dairy products and beverages segment, recorded a year-on-year growth of 6.6% during this period. All channels achieved a growth, showing the realization of balanced development of both channels.

In recent years, various successful digital marketing campaigns have created a lively and youthful brand image of Want Want and promoted the emotional interaction with consumers. The commercials "Li Zi Ming has grown up" (李子明長大了) reminded consumers of their childhood memories towards Hot-Kid Milk. The co-branded clothing designed based on Hot-Kid Milk cans, which infused the brand with trendy elements, has resulted in an influx of over 700,000 fans to our official flagship store on Tmall platform and the clothing were all sold out within 7 seconds. The packaging design with the images of 56 ethnic groups for Hot-Kid Milk echoed the feelings for ethnicities of consumers and has become hot topic for online search that was searched for over 210 million times.

Benefiting from the operation at retail stores and refined management of channel inventories, together with the lively and diversified online digital marketing activities which boosted the sales at offline physical stores and increased distributors' confidence in Want Want's products, revenue of dairy and beverage products derived from the wholesale channels achieved a mid-single digit growth rate. Retail stores were also benefited, which realized the Company's operating philosophy of "Prosperity for you, for me and for all".

In addition, the Group focused on the expansion of dairy product portfolio. In the first half of 2019FY, the sugar-free "Hot-Kid Pure Milk" (旺仔純牛奶) which is made from 100% raw milk and rich in calcium and milk protein and the "Nuts Milk" (堅果牛奶) were ranked top among our products sold in e-commerce channels when they were just put on the market, which not only diversified the Hot-Kid IP images, but also further expanded and upgraded the Hot-Kid product series.

Snack foods

In the first half of 2019FY, revenue of snack foods reached RMB2,508.6 million, representing a decrease of 6.2% as compared with that of the same period in the previous year. This was due mainly to the weak sales of popsicles resulting from the weather conditions which were unfavourable to the popsicles business. The sales of candies recorded a revenue growth rate of 7.5% year-on-year. Revenue growth at a rate of 1.2% was seen in beans, jellies and other category of snack foods segment. The optimization and upgrade of products enriched the product offerings of snack foods in emerging channels. The focus of wholesale channels was on developing the third and fourth tier cities, unleashing the consumption potentials in those areas and expanding our consumer base.

The revenue of candies recorded a high single-digit growth rate while jellies, beans and other category also recorded revenue growth. In particular, core products such as Hot-Kid QQ gummy and jellies both achieved double-digit growth. In recent years, the Group focused on product upgrade and brand building, and providing each type of products with unique attributes catering to the new demands of the consumer market. "Queen Alice", a new product with unique taste and chewy texture, is of great appeal to young ladies. "Soft Pudding" (嫩布丁), a perfect blend of juice and New Zealand milk with smooth and silky texture and exquisite packaging gives consumers the experience of tasting high-end desserts experience anytime and anyplace. "Western Mushroom Mochi Rice Noodles" (西式蘑菇麻糬Q米撈麵) and "Spicy Red Swamp Crawfish Aiyo Rice Noodles" (麻辣小龍蝦哎呦Q米麵) from the "Aiyo" (哎呦) series of non-fried rice noodles, having a distinctive texture and novel eating method, together with fashionable taste, won the 2018-2019 "Best Innovation Award" and "Excellent Innovation Product Award" in the Chinese convenience food industry.

Due to the weather condition such as a "cool summer" and excessive rain, the sales performance of popsicles in the first half of 2019FY was adversely affected. However, the Group focused on investing its resources in high-margin new products and expanding sales channels and has achieved initial results. Products such as "Milky Sip & Slurp" (含乳吸吸冰), "Want Want Pocket Jelly" (旺旺吸的凍) and "Dongchi" (凍癡) were well received by consumers. In the second half of 2019FY, the Group will further optimize and upgrade the products, launch new hit products, comprehensively launch family-sized products with new packagings in accordance with demands of consumers and invest more resources in the cold beverages channel.

COST OF SALES

The cost of sales of the Group for the first half of 2019FY amounted to RMB4,754.0 million, representing a decrease of 7.4% as compared with that of the corresponding period in the previous year. It was attributable mainly to the decrease in cost of certain key raw materials used by the Group such as carton boxes, sugar, rice and palm oil as compared with that of the same period of the previous year. As the peak season sales accompanying the Chinese New Year is around the corner, the Group will improve the efficiency of its supply chain and optimize the planning of production lines so as to provide solid support for the business in the coming Chinese New Year.

GROSS PROFIT

Benefiting from the optimization of product structure and decrease in the cost of certain key raw materials, the gross profit margin of the Group for the first half of 2019FY increased by 4.4 percentage points as compared with that of the same period in last year to 48.9%. Gross profit amounted to RMB4,550.0 million, representing an increase of 10.5% as compared with that of the same period in last year. The Group will continue to optimize its product structure, introduce new products and brands with better profitability and will continue optimize its production lines and promote automation to ensure the profitability of its products.

Rice crackers

The gross profit margin of rice crackers was 43.1% for the first half of 2019FY, representing an increase of 4.1 percentage points as compared with that of the corresponding period in last year. The improvement in product mix, with an increased proportion of the high-margin core-brand rice crackers, has brought about a steady increase in profitability. In the second half of 2019FY, more new gift pack products with high gross profit margin will be introduced and the Group will continue to optimize the product structure to maintain the profitability of rice cracker segment.

Dairy products and beverages

The gross profit margin of dairy products and beverages segment was 51.0% for the first half of 2019FY, representing an increase of 4.1 percentage points as compared with that of the corresponding period in last year. The increase was benefited mainly from the decrease in the cost of some raw materials and optimization of product mix, which have improved the overall profitability. The Group will continue to expand its product categories and launch new products to meet the demand of various consumer groups in order to maintain the healthy profitability.

Snack foods

The gross profit margin of snack foods segment was 48.7% for the first half of 2019FY, representing an increase of 4.6 percentage points as compared with that of the same period in the previous year. Such increase was attributable mainly to the optimization of product structure and the launch of new products with high gross profit margin. Furthermore, the decrease in the price of key raw material, white sugar, had a positive impact on the gross profit margin of the segment. The Group will continue to deepen its multi-brand strategy and launch new products extending its current price range in a timely manner, while continuing to consolidate the profitability of the segment.

OUTLOOK FOR THE SECOND HALF OF 2019FY

Diversified marketing

Leveraging on the online traffic and great exposure of the e-commerce platform on "Double 11 (Singles' Day)" in the second half of 2019FY, the Group promoted its new specialty products in the form of offline immersive experience and new product launch presentation. As the traditional Spring Festival is approaching, the Group will promote its brands with diversified marketing strategies and put on the market festive candies and snack foods that fit the festive atmosphere and new gift packs that fit the gift-giving culture of the Spring Festival. The Group will also increase the number of special displays at the point-of-sale and organize theme activities and fun games to get closer to the consumers and to build the jubilant atmosphere of the Spring Festival.

Brands and products differentiation

Multi-branding is an inevitable development of market segmentation to satisfy the demands of different consumer groups. In the second half of 2019FY, the Group will further expand the types of products under the "Fix Body" brand, a brand that combines nutritional health and diet management and newly launched in the first half of 2019FY. The brand currently has four series including Tasties, Snacks, Meals and Drinks with a total of 23 types of products. Another brand that is specially tailored to the elderly, namely "Prime of Love" (愛至尊) will also be launched. It is designed to provide nutritional supplements and snacks for the elderly to meet the health and dietary needs of the elderly and to enrich their dietary pattern. In addition, within the existing brands and product categories, product optimization and upgrade will be continued by launching milk products with health elements, and drinks and snacks that are unique in terms of their functions and taste.

Channel diversification

As the traditional Chinese New Year peak season is coming, we will optimize the operation of wholesale channels and increase the input of resources into the end points-of-sales and for festive special displays and enhance the interaction with consumers through promotional materials and engaging in-store promoters. As for the modern channels, customized products will be developed in the second half of 2019FY through product optimization. In addition, online discussions and sales were generated by the tailored products and "Hot-Kid ball cake" furniture that captured the hearts of all Hot-Kid fans in the "Double 11" Shopping Festival that had just been held for the e-commerce channels. The planning, establishment and further development of emerging channels will also be an important strategy for the Group's channel development.

DISTRIBUTION COSTS

The distribution costs for the first half of 2019FY amounted to RMB1,369.9 million, representing a decrease of RMB69.2 million or 4.8% as compared with that of the first half of 2018FY. Distribution costs as a percentage of revenue decreased by 0.9 percentage point to 14.7% as compared with that of the same period in the previous year. It was due mainly to a decrease in advertising and promotion expenses as a percentage of revenue by 0.4 percentage point to 3.3%, as compared with 3.7% for the same period in 2018, as a result of the Group's effective control over its promotion resources. In the first half of 2019FY, labour costs as a percentage of revenue decreased by 0.5 percentage point to 5.9% as compared with that of the same period in 2018, due mainly to the decrease in the number of sales representatives as a result of the rationalization of the structure of the Group's sales organization. Transportation expenses as a percentage of revenue was 3.9% in the first half of 2019FY, basically remained at similar level as compared with that of the same period in the previous year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for the first half of 2019FY amounted to RMB1,285.7 million, representing an increase of RMB170.6 million or 15.3% as compared with that for the first half of 2018FY. Administrative expenses as a percentage of revenue was 13.8%, representing an increase of 1.7 percentage points from that of the same period in 2018, which was mainly attributable to the increase in research and development expenses and the increase in labour costs due to the adjustment of employee's salaries.

OPERATING PROFIT

Owing to the increase of 4.4 percentage points in gross profit margin for the first half of 2019FY, the Group's operating profit for the first half of 2019FY amounted to RMB2,053.8 million, representing an increase of RMB281.4 million or 15.9% as compared with that for the first half of 2018FY. The operating profit margin for the first half of 2019FY reached 22.1%.

INCOME TAX EXPENSE

The Group's income tax expense for the first half of 2019FY was RMB584.5 million, and the income tax rate was 26.7%, representing a decrease of 1.2 percentage points as compared with that for the first half of 2018FY.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to the equity holders of the Company for the first half of 2019FY amounted to RMB1,614.9 million, representing an increase of 18.4% as compared with that for the first half of 2018FY. The margin of profit attributable to equity holders was 17.4%.

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 September 2019, our bank and deposits balances amounted to RMB16,636.2 million (31 March 2019 (Restated): RMB17,160.4 million), in which Renminbi accounted for approximately 95%, being approximately RMB15,805.3 million, representing a decrease of RMB524.2 million as compared with that as at 31 March 2019, which was mainly caused by the making of dividend payments.

As at 30 September 2019, our total borrowings amounted to RMB10,335.6 million (31 March 2019 (Restated): RMB9,517.4 million), representing an increase of RMB818.2 million as compared with that as at 31 March 2019. Short-term borrowings amounted to RMB1,637.9 million (31 March 2019: RMB1,743.9 million), representing a decrease of RMB106.0 million as compared with that as at 31 March 2019, and the long-term borrowings, including the guaranteed bonds, amounted to RMB8,697.7 million (31 March 2019 (Restated): RMB7,773.5 million), representing an increase of RMB924.2 million as compared with that as at 31 March 2019, which was mainly caused by the need of making overseas dividend payments. As the Group's overseas procurement of key raw materials and dividend payments were mainly made in USD and due to the timing difference of payment of dividends by the subsidiaries in the Chinese mainland, the Group would obtain loans in USD from time to time in order to satisfy the need for working capital for overseas regions but the Group would appropriately increase the ratio of RMB borrowings.

In April 2017, the Group issued 5-year term guaranteed bonds with a face value of US$500 million and a coupon rate of 2.875% (the "Bonds"). As at 30 September 2019, the balance of the Bonds payable amounted to US$495.6 million (31 March 2019: US$494.8 million).

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

The Group's net gearing ratio (total borrowings net of cash and cash equivalents as a percentage of total equity (excluding non-controlling interests)) as at 30 September 2019 was -0.45 time (31 March 2019 (Restated): -0.50 time). At present, we maintain sufficient cash and available banking facilities for our working capital requirements and for capitalizing on any potential investment opportunities in the future. The management will from time to time make prudent financial arrangements and decisions to address changes in the domestic and international financial environment.

Cash flow

For the first half of 2019FY, our cash and cash equivalents decreased by RMB524.2 million. Among which, RMB1,934.5 million of net cash inflow was generated from our operating activities. Net cash outflow for financing activities was RMB2,410.9 million, and consists mainly of dividend payments of RMB2,543.4 million. The net cash outflow for investment activities was RMB132.2 million.

Capital expenditure

For the first half of 2019FY, our total capital expenditure amounted to RMB135.4 million (for the year ended 31 March 2019: RMB381.8 million). We spent approximately RMB17.00 million, RMB47.02 million and RMB33.16 million respectively for the additions of production plant, facilities and equipment for the three product segments (rice crackers, dairy products and beverages and snack foods) and replacement and upgrade of some of the old plant and production facilities to prepare for the further growth our Group. The remaining capital expenditure was made mainly for the purpose of adding facilities for information technology, packaging, etc.

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

Inventory analysis

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

The following table sets forth the number of our inventory turnover days for the six months ended 30 September 2019 and for the year ended 31 March 2019:

	Six months ended 30 September 2019	Year ended 31 March 2019 (Restated)
Inventory turnover days	**94**	80

As at 30 September 2019, the inventory balance amounted to RMB2,576.6 million (31 March 2019 (Restated): RMB2,387.7 million).

Trade receivables

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

The following table sets forth the number of our trade receivables turnover days for the six months ended 30 September 2019 and for the year ended 31 March 2019:

	Six months ended 30 September 2019	Year ended 31 March 2019 (Restated)
Trade receivables turnover days	**19**	19

Trade payables

Our trade payables relate mainly 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 September 2019 and for the year ended 31 March 2019:

	Six months ended 30 September 2019	Year ended 31 March 2019
Trade payables turnover days	**43**	37

Pledge of assets

As at 30 September 2019, none of our assets was pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

For the first half of 2019FY, our average number of employees was approximately 42,140, representing a decrease of 3,960 employees as compared with the average number of employees for the year ended 31 March 2019. Our total remuneration expenses for the first half of 2019FY amounted to RMB1,876.0 million, representing a decrease of 1.6% as compared with that for the first half of 2018FY. The remuneration package of our employees includes fixed salary, commissions and allowances (where applicable), and performance-based year-end bonuses having regard to the performance of the Group and that of the individual.

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

FOREIGN EXCHANGE RISKS

The presentation currency of the Group is RMB but the Company's functional currency is still USD. More than 90% of our activities are conducted in the Chinese mainland, our Chinese mainland subsidiaries' functional currency is RMB. The Group's foreign exchange risks arise mainly from procurement of raw materials and equipment from overseas, overseas dividend payments and certain 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 whose 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, RMB does not have a significant impact on exchange gains and losses presented on the "other gains – net" section of the consolidated income statement. During the year, the Group did not hedge against its foreign exchange risks.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

The unaudited interim results of the Group for the six months ended 30 September 2019 have been reviewed by the audit and risk management 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 September 2019, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviations from the code provisions A.2.1 and A.4.1. The reasons for these deviations are explained below.

Code provision A.2.1

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same person. Our Company deviates from this provision because Mr. Tsai Eng-Meng performs both the roles of chairman and chief executive. Mr. Tsai is the founder of our Group and has over 40 years of experience in the food and beverages industry. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategies. We shall nevertheless review the structure from time to time in light of the prevailing circumstances.

Code provision A.4.1

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. Our Company deviates from this provision because the non-executive Directors and independent non-executive Directors of our Company do not currently have specific terms of appointment. However, the articles of association of our Company provide that all the Directors are subject to retirement by rotation at least once every three years and at each annual general meeting, one-third of the Directors for the time being or, if the number is not a multiple of three, then, the number nearest to but not less than one-third, shall retire from office by rotation and offer themselves for re-election. As such, the Board considers that sufficient measures have been put in place to ensure our Company's corporate governance practice in this aspect provides sufficient protection for the interests of shareholders to a standard commensurate with that of the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules regarding directors' securities transactions. Specific enquiries have been made with our Directors, and all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2019.

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

During the six months ended 30 September 2019, the Company repurchased a total of 26,650,000 shares on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") for an aggregate amount (excluding expenses) of HK$162,322,352 and such repurchased shares were cancelled. Particulars of the shares repurchased on the HK Stock Exchange during the period are as follows:

Month of repurchases	**Total number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate amount paid (excluding expenses)**
		(HK$)	*(HK$)*	*(HK$)*
April 2019	160,000	6.19	6.14	984,912
May 2019	26,490,000	6.22	5.94	161,337,440
	26,650,000			162,322,352

Subsequent to the balance sheet date of 30 September 2019 and up to the date of this announcement, the Company repurchased a total of 7,453,000 shares on the HK Stock Exchange for an aggregate amount (excluding expenses) of HK$46,943,859.40. Such repurchased shares were subsequently cancelled in October 2019. The number of issued shares of the Company as at the date of this announcement is 12,415,184,135 shares. Particulars of the shares repurchased on the HK Stock Exchange after the balance sheet date are as follows:

Month of repurchases	**Total number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate amount paid (excluding expenses)**
		(HK$)	*(HK$)*	*(HK$)*
October 2019	7,453,000	6.35	6.18	46,943,859.40

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including the Bonds) of the Company during the six months ended 30 September 2019 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 US0.64 cent per ordinary share of the Company for the six months ended 30 September 2019. The interim dividend will be paid on or about 24 December 2019 to shareholders whose names appear on the register of members of the Company on 6 December 2019. Shareholders registered under the principal register of members in the Cayman Islands will automatically receive their cash dividends in United States dollars ("US$") while shareholders registered under the Hong Kong branch register of members will automatically receive their cash dividends in Hong Kong dollars ("HK$"). The HK$ equivalent of the interim dividend is HK$0.05 per share which is based on the exchange rate of US$ against HK$ at US$1.00 to HK$7.824 on 18 November 2019, being the business day preceding the date of dividend declaration.

In order to qualify for the entitlement to the above mentioned interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 3 December 2019. The register of members of the Company will be closed from 4 December 2019 to 6 December 2019 (both dates inclusive).

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

Hong Kong, 19 November 2019

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