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 2023

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 September		
	2023	2022	Change
Key income statement items **(*in RMB'000, unless otherwise stated*)**			%
Revenue	**11,274,818**	10,832,945	+4.1
Gross profit	**5,100,690**	4,638,428	+10.0
Operating profit	**2,475,563**	2,072,092	+19.5
Profit attributable to equity holders of the Company	**1,732,245**	1,596,054	+8.5
Basic and diluted earnings per share *(RMB cents)*	**14.58**	13.41	+8.7
Key financial ratios	**%**	%	% point
Gross profit margin	**45.2**	42.8	+2.4
Operating profit margin	**22.0**	19.1	+2.9
Margin of profit attributable to equity holders of the Company	**15.4**	14.7	+0.7

The board (the "Board") of directors (the "Directors") of Want Want China Holdings Limited (the "Company") hereby announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (together, the "Group" or "Want Want") for the six months ended 30 September 2023 ("first half of 2023FY") together with the comparative figures for the six months ended 30 September 2022 ("first half of 2022FY") as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	4	**11,274,818**	10,832,945
Cost of sales		**(6,174,128)**	(6,194,517)
Gross profit		**5,100,690**	4,638,428
Other gains – net	5	**152,133**	108,234
Other income		**180,769**	195,144
Distribution costs		**(1,474,842)**	(1,464,344)
Administrative expenses		**(1,483,187)**	(1,405,370)
Operating profit		**2,475,563**	2,072,092
Finance income		**40,261**	158,485
Finance costs		**(149,327)**	(75,625)
Finance (costs)/income – net		**(109,066)**	82,860
Share of profits/(losses) of associates		**419**	(4,708)
Profit before income tax		**2,366,916**	2,150,244
Income tax expense	6	**(639,730)**	(560,166)
Profit for the period		**1,727,186**	1,590,078
Profit attributable to:			
Equity holders of the Company		**1,732,245**	1,596,054
Non-controlling interests		**(5,059)**	(5,976)
		1,727,186	1,590,078
Earnings per share for profit attributable to equity holders of the Company		**RMB Cents**	RMB Cents
Basic earnings per share	7	**14.58**	13.41
Diluted earnings per share	7	**14.58**	13.41

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,727,186**	1,590,078
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(209,561)**	(408,188)
Items that will not be reclassified subsequently to profit or loss		
Change in value of financial assets at fair value through other comprehensive income	**37,213**	1,606
Other comprehensive loss for the period	**(172,348)**	(406,582)
Total comprehensive income for the period	**1,554,838**	1,183,496
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**1,566,472**	1,201,345
Non-controlling interests	**(11,634)**	(17,849)
	1,554,838	1,183,496

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2023

	Notes	**30 September 2023** *RMB'000* **(Unaudited)**	31 March 2023 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**5,492,869**	5,664,517
Investment properties		**32,837**	33,718
Intangible assets		**12,997**	7,906
Investments in associates		**7,231**	107,766
Deferred income tax assets		**385,380**	379,884
Financial assets at fair value through other comprehensive income		**190,207**	146,133
Right-of-use assets		**1,035,815**	1,076,309
Long-term bank deposits		**9,201,000**	5,752,000
Total non-current assets		**16,358,336**	13,168,233
Current assets			
Inventories		**2,742,292**	3,142,103
Trade receivables	9	**894,672**	853,937
Prepayments, other receivables and other assets		**820,482**	902,205
Cash and bank balances		**6,542,538**	7,907,599
Total current assets		**10,999,984**	12,805,844
Total assets		**27,358,320**	25,974,077

	Notes	**30 September 2023** *RMB'000* **(Unaudited)**	31 March 2023 *RMB'000* (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**1,795,351**	1,795,722
Reserves		**12,619,937**	12,856,051
Subtotal		**14,415,288**	14,651,773
Non-controlling interests		**40,663**	52,297
Total equity		**14,455,951**	14,704,070
LIABILITIES			
Non-current liabilities			
Borrowings		**1,749,632**	2,060,307
Lease liabilities		**101,661**	132,276
Deferred income tax liabilities		**76,612**	196,035
Other non-current liabilities		**106,893**	106,410
Total non-current liabilities		**2,034,798**	2,495,028
Current liabilities			
Trade payables	10	**1,115,810**	970,395
Accruals and other payables		**2,211,159**	2,468,580
Contract liabilities		**948,419**	1,591,926
Current income tax liabilities		**564,812**	328,502
Borrowings		**5,880,556**	3,282,014
Lease liabilities		**146,815**	133,562
Total current liabilities		**10,867,571**	8,774,979
Total liabilities		**12,902,369**	11,270,007
Total equity and liabilities		**27,358,320**	25,974,077

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 September 2023

1. GENERAL INFORMATION

Want Want China Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacturing and distribution of food and beverages. The Group's activities are primarily conducted in the People's Republic of China ("the PRC"), and its products are also sold to the North America, East Asia, Southeast Asia and Europe. The Company was incorporated in the Cayman Islands on 3 October 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information was approved by the Board of Directors for issue on 28 November 2023.

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

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2023.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

Amendments to HKAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets in the financial statements, but does not impact the deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

4. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive Directors. The executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on their reports.

The executive Directors consider the business from a product perspective and assess the performance of the operating segments based on a measure of segment profit or loss, which is based on profit before income tax without allocation of unallocated costs, finance (costs)/income – net and share of profits/(losses) of associates. Management assesses the performance of rice crackers, dairy products and beverages, snack foods and other products.

The Group's operations are mainly organised under four business segments, including manufacturing and sale of:

- Rice crackers, including sugar coated crackers, savoury crackers and fried crackers, gift packs;

- Dairy products and beverages, including flavoured milk, room-temperature yogurt, yogurt drinks, ready-to-drink coffee, juice drinks, sports drinks, herbal tea and milk powder;

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

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

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

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

	Six months ended 30 September 2023 (unaudited)				
	Rice crackers *RMB'000*	**Dairy products and beverages** *RMB'000*	**Snack foods** *RMB'000*	**Other products** *RMB'000*	**Group** *RMB'000*
Segment results					
Revenue	**2,059,979**	**6,096,666**	**3,031,829**	**86,344**	**11,274,818**
Timing of revenue recognition					
At a point in time	**2,059,979**	**6,096,666**	**3,031,829**	**86,344**	**11,274,818**
Segment profit/(loss)	**383,940**	**2,022,069**	**521,404**	**(8,171)**	**2,919,242**
Unallocated costs					**(443,679)**
Finance costs – net					**(109,066)**
Share of profits of associates					**419**
Profit before income tax					**2,366,916**
Income tax expense					**(639,730)**
Profit for the period					**1,727,186**
Other segment items included in the income statement					
Depreciation of property, plant and equipment	**110,465**	**163,090**	**109,484**	**387**	**383,426**
Depreciation of right-of-use assets	**20,588**	**46,404**	**21,230**	**4,907**	**93,129**
Depreciation of investment properties	**–**	**–**	**–**	**590**	**590**
Unallocated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets					**10,177**
Capital expenditure					
Capital expenditure by segments	**48,682**	**66,265**	**47,035**	**18,855**	**180,837**
Unallocated capital expenditure					**39,415**
Total capital expenditure					**220,252**

The segment assets and liabilities as at 30 September 2023 are as follows:

	30 September 2023 (unaudited)				
	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	**2,015,373**	**6,283,563**	**3,075,399**	**125,762**	**11,500,097**
Unallocated assets					**107,454**
Cash and bank balances					**6,542,538**
Long-term bank deposits					**9,201,000**
Investments in associates					**7,231**
Total assets					**27,358,320**
Segment liabilities	**894,832**	**2,660,337**	**1,321,349**	**39,094**	**4,915,612**
Unallocated liabilities					**356,569**
Borrowings					**7,630,188**
Total liabilities					**12,902,369**

The segment information for the six months ended 30 September 2022 is as follows:

	Six months ended 30 September 2022 (unaudited)				
	Rice crackers *RMB'000*	Dairy products and beverages *RMB'000*	Snack foods *RMB'000*	Other products *RMB'000*	Group *RMB'000*
Segment results					
Revenue	1,972,043	5,692,993	3,079,073	88,836	10,832,945
Timing of revenue recognition					
At a point in time	1,972,043	5,692,993	3,079,073	88,836	10,832,945
Segment profit	207,490	1,656,504	581,159	15,290	2,460,443
Unallocated costs					(388,351)
Finance income – net					82,860
Share of losses of associates					(4,708)
Profit before income tax					2,150,244
Income tax expense					(560,166)
Profit for the period					1,590,078
Other segment items included in the income statement					
Depreciation of property, plant and equipment	109,414	163,851	108,419	722	382,406
Depreciation of right-of-use assets	13,454	37,727	18,924	6,814	76,919
Depreciation of investment properties	–	–	–	590	590
Unallocated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets					8,098
Capital expenditure					
Capital expenditure by segments	97,786	68,250	50,428	29,816	246,280
Unallocated capital expenditure					28,957
Total capital expenditure					275,237

The segment assets and liabilities as at 31 March 2023 are as follows:

	31 March 2023 (audited)				
	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	2,495,404	6,348,825	3,136,663	121,468	12,102,360
Unallocated assets					104,352
Cash and bank balances					7,907,599
Long-term bank deposits					5,752,000
Investments in associates					107,766
Total assets					25,974,077
Segment liabilities	1,465,703	2,852,469	1,485,253	36,196	5,839,621
Unallocated liabilities					88,065
Borrowings					5,342,321
Total liabilities					11,270,007

5. OTHER GAINS – NET

	Six months ended 30 September	
	2023 ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Net foreign exchange (losses)/gains	**(12,754)**	33,082
Donation expenses	**(11,750)**	(16,184)
(Losses)/gains on disposal of property, plant and equipment, net	**(3,235)**	11,473
Income from long-term bank deposits	**157,432**	61,382
Others	**22,440**	18,481
Total	**152,133**	108,234

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Chinese mainland	**529,724**	484,511
– Hong Kong Special Administrative Region and elsewhere	**4,545**	10,325
Subtotal	**534,269**	494,836
Deferred income tax	**105,461**	65,330
Total	**639,730**	560,166

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

7. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	**1,732,245**	1,596,054
Weighted average number of ordinary shares in issue (thousands)	**11,879,738**	11,899,528
Basic earnings per share	**RMB14.58 Cents**	RMB13.41 Cents

(b) Diluted

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

8. DIVIDENDS

Final dividends of RMB1,791,127,000 for the year ended 31 March 2023 were paid in September 2023 (year ended 31 March 2022: RMB4,144,237,000).

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: RMB919,506,000).

9. TRADE RECEIVABLES

	30 September 2023	31 March 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
from third parties	**927,310**	884,834
from related parties	**20,140**	15,562
Subtotal	**947,450**	900,396
Less: provision for impairment	**(52,778)**	(46,459)
Trade receivables, net	**894,672**	853,937

Most of the Group's sales are on cash-on-delivery basis whereas those made through modern distribution channels are normally on credit terms ranging from 60 to 90 days (year ended 31 March 2023: 60 to 90 days).

As at 30 September 2023 and 31 March 2023, the ageing analysis of trade receivables based on invoice date is as follows:

	30 September 2023	31 March 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 60 days	**734,464**	451,688
61-90 days	**60,379**	142,285
91-180 days	**93,392**	246,501
181-365 days	**38,722**	43,248
Over 365 days	**20,493**	16,674
Total	**947,450**	900,396

10. TRADE PAYABLES

As at 30 September 2023 and 31 March 2023, the ageing analysis of the trade payables, based on invoice date, is as follows:

	30 September 2023 *RMB'000* (Unaudited)	31 March 2023 *RMB'000* (Audited)
Within 60 days	**1,083,660**	833,319
61 to 180 days	**17,742**	117,463
181 to 365 days	**1,683**	3,798
Over 365 days	**12,725**	15,815
Total	**1,115,810**	970,395

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In the first half of 2023FY, the Group's total revenue grew by 4.1% year-on-year to RMB11,274.8 million. The revenue of the dairy products and beverages segment grew by 7.1% year-on-year in the first half of 2023FY, driven by the growth in sales volume. Revenue of core brand rice crackers and candies reached new record highs in the first half of the financial years. Overseas markets recorded a high-teen revenue growth rate. Benefiting from continuous product innovation and investment in research and development ("R&D"), new products launched by the Group over the past five years contributed a near double-digit percentage of the Group's revenue in the first half of 2023FY.

Gross profit margin for the first half of 2023FY increased by 2.4 percentage points year-on-year to 45.2%, mainly due to the continuous optimisation of the product mix and decrease in the unit cost of certain key raw materials. The operating expense ratio decreased by 0.3 percentage point year-on-year to 26.2% as a result of the continuous optimisation of the supply chain and proper management of channel costs. As a result of the foregoing, the Group's operating profit for the first half of 2023FY increased by 19.5% to RMB2,475.6 million as compared with that of the same period in the previous year. Profit attributable to equity holders of the Company increased by 8.5% year-on-year to RMB1,732.2 million and the margin of profit attributable to equity holders increased by 0.7 percentage point year-on-year to 15.4% as a result of the increase in net interest expense for the period due to the impact of interest rates.

OPERATIONAL REVIEW

During the first half of 2023FY, the Group continued to pursue its operational strategy of diversification and consolidated its growth momentum on a medium-to-long term basis. Specific strategies implemented are as follows:

(I) INTENSIVE DEVELOPMENT AND DIVERSIFICATION OF CHANNELS

1. Creation of vibrant marketing scenarios to drive consumer demand

With the gradual recovery of the consumption scenarios after the pandemic, traditional channels resumed growth in revenue in the first half of 2023FY as compared to the same period of last year, with high single-digit growth in the dairy products and beverages segment, which was mainly attributable to the various distinctive vivid marketing scenarios about "Want Want Canned Milk" (旺旺罐裝牛奶) set up by the Group, which were well-received by consumers. For example, the Group launched various thematic marketing campaigns such as "Back to School" and "Exams", and launched special thematic sets such as the "Exam Three-color Hot-Kid Milk Set" (三色旺仔應考助力套裝) to enhance interaction with consumers, which received wide acclaim from consumers.

2. Keep launching new products to increase channel penetration rate

Revenue from modern channels grew year-on-year in the first half of 2023FY, with significant growth in new products and convenience store channels. Newly launched large 1kg pack of "Xue Bing" (雪餅) and "Xian Bei" (仙貝), and new PET-bottled "Hot-Kid Milk" (旺仔牛奶) catered to the consumer demand for household consumption.

3. Continuous innovation of emerging channels

In the first half of 2023FY, the diversification of emerging channels continued and the coverage of points-of-sale was expanded, with vending machine upgrades, content e-commerce and OEM channels growing at a significant rate, and double-digit growth being maintained in the rice crackers and the snack foods segments.

The content e-commerce and social e-commerce channels have increased product exposure and consumer brand stickiness through interaction on hot topics and product content promotion. The profitability of the e-commerce channels has been further enhanced by optimising marketing strategies and improving resource allocation efficiency.

4. Rapid growth of overseas markets

In the first half of 2023FY, the Group's overseas business achieved a high-teen revenue growth rate, with significant growth in the Asian and American regions and candies segment achieving rapid growth in revenue on a year-on-year basis, which was attributable to its quality advantages and R&D innovations.

In addition, as an important overseas production base, the Vietnam plant has begun to undertake overseas orders, giving full play to its cost and geographical advantages, and facilitating the development of the overseas business and market penetration. At present, five overseas subsidiaries in Vietnam, Thailand, Indonesia, Germany and North America have been put into operation, and continued to explore the localised business model. Through the development of new customers and the strengthening of marketing investment at end points-of-sales, more overseas consumers will be able to taste the unique flavours of Want Want products.

(II) DIFFERENTIATED BRAND POSITIONING AND NEW PRODUCTS

The Group has implemented a brand differentiation strategy to broaden the age groups of consumers by launching differentiated sub-brands targeting different consumer groups for mothers, babies, toddlers, the elderly, women and fitness enthusiasts to meet the diverse needs of consumers.

Leveraging on its unique innovative R&D capability and production capacities, the Group has continued to introduce innovative products and enrich new flavours for products, and the new products introduced in the past 5 years accounted for nearly a double-digit percentage of the Group's revenue in the first half of 2023FY. For example, "Dongchi" (凍癡) with the innovative packaging design which allows storage at room temperature and being served cold, and the lately launched "Double Layer QQ Gummies" (雙層 QQ 糖) which has an additional chewy layer of yogurt, have brought consumers a variety of choices and experiences. Moreover, the new product "Lonely God Creative Fancy Potato Rolls – Rose Flavour" (浪味仙創意花式薯卷 – 玫瑰味) won the Silver Award of the iSEE Global Food Innovation Award 2023; and products such as "Milk Chewy – Street Drink Series" (牛奶糖 – 街飲系列) won the iSEE Global Food Taste Award.

(III) ESG AND SUSTAINABILITY EFFORTS

The Group continued to promote sustainability management and has been awarded a number of industry accolades for its "Waste-Free Factory", sustainable water management and carbon emission reduction initiatives.

The Group continued the establishment of "Waste-Free Factories". Its Quanzhou plant was awarded the highest level certification of "Zero Waste to Landfill Management System" from TÜV Rheinland. By extending its experience in waste management Group-wide, the Group won the "Green Point Awards 2023 for Sustainable Practice".

In addition, the Group's sustainable water management practices in its milk factories were honoured with the award of "Typical Case of Green, Low Carbon and Sustainability of China Dairy Industry 2023". Its carbon emission reduction and production line automation project won the "China Food Industry Association Science and Technology Award 2023". In the future, the Group will continue to optimise its production management and promote R&D on green technologies to achieve its goal of sustainable development.

(IV) OUTLOOK FOR THE SECOND HALF OF 2023FY

The Group will continue to promote the expansion of emerging channels and overseas markets, as well as the sales of potential products at the end point-of-sales. In the second half of 2023FY, the Group will create a festive atmosphere of the Chinese New Year through diversified seasonal campaigns, optimised point-of-sales displays and online and offline interactions.

REVENUE

For the first half of 2023FY, total revenue of the Group grew by 4.1% year-on-year to RMB11,274.8 million, of which the dairy products and beverages segment accounted for 54% while rice crackers and snack foods segments together accounted for 45%. Revenue from the dairy products and beverages segment grew by 7.1% year-on-year while that of the rice crackers segment grew by 4.5% year-on-year. Revenue from the snack foods segment declined by 1.5% year-on-year which was primarily due to the subdued performance of popsicles resulting from an earlier commencement of the operational rhythm this year. However, candy products still achieved a record high in revenue in the first half of the financial years.

Rice crackers

For the first half of 2023FY, revenue of the rice crackers segment grew by 4.5% year-on-year to RMB2,060.0 million, with the core brand rice crackers growing by a mid-single digit, mainly benefiting from the year-on-year double-digit growth of the overseas business, which accounted for around 20% of the revenue of the rice crackers segment. Furthermore, revenue of rice crackers derived from emerging channels, which accounted for around 10% of the rice crackers segment revenue, also achieved double-digit growth with the help of the channel diversification strategy. The launch of smart cabinets for the vending machine channel as well as the resumption of diversified scenes such as parks and playgrounds further expanded consumption scenarios and the consumer base.

The Group has fully utilised its production and R&D resources, and the new products launched in the past five years made a mid-single-digit contribution to the revenue of the rice crackers segment for the first half of 2023FY. The launch of new products such as "Brown-Sugar Bobo Coated Crackers" (黑糖波波), which contain carefully selected high-quality brown sugar, and "Want Want Thick Snow Cakes" (旺旺厚雪燒), which has a unique sweet chilli taste, brought more choices to consumers who pursue unique tastes.

The Chinese New Year peak sales season for rice crackers will be arriving in the second half of the financial year, the Group will provide customised gift packs to satisfy the individual needs of more consumers, and conduct diversified spring sales activities to create a traditional Chinese New Year festive atmosphere.

Dairy products and beverages

In the first half of 2023FY, revenue of the dairy products and beverages segment grew by 7.1% year-on-year to RMB6,096.7 million. Among which, revenue from "Hot-Kid Milk" grew by a mid-to-high single digit year-on-year, which was mainly driven by the year-on-year growth of approximately 20% in "Canned Milk".

The resumption of growth in dairy sales was attributable to the creation of diversified and vibrant displays for canned milk at points-of-sale as well as the resumption of point-of-sale demand from restaurants, vending machines and others. Meanwhile, in order to meet consumers' collection needs, "Hot-Kid Milk Cans of 56 Ethnic Groups" (56個民族旺仔牛奶罐) and "Hot-Kid Milk Cans of Different Occupations" (旺仔牛奶職業罐) were relaunched in 2023FY to stimulate emotional resonance of consumers and enhance the topics for interaction with consumers.

Beverages products also achieved breakthrough revenue growth as a result of the adjustment of the business organisation and intense development of the market. In terms of products, "Want Want O-Bubbles" (旺旺O泡) has demonstrated strong performance. In addition, the "Scan Cap Code and Sure Win" (開蓋掃碼百分百中獎) marketing campaign was launched for "PET-bottled Yogurt Drink" (PET乳酸菌飲料) and marketing strategies by means of online commercial advertising and offline poster displays were utilized to increase brand interaction with consumers, which caused the revenue of "PET-bottled Yogurt Drink" to double as compared with that of the same period in the previous year.

In order to expand product categories and enhance the brand's development momentum, new products, such as "Daily Milk" (每日喝牛奶), which is made from raw cow milk, and "Yogurt Drink" (乳酸菌), which is slightly sour and slightly sweet but not stodgy, were introduced to the markets and the revenue contributed by new products tended to be increasing. In order to satisfy the fast-growing demands in certain market sub-segments, a wide range of products with different packaging forms and flavours have been launched, such as "Hot-Kid Milk" in bulk packaging that is suitable for the catering market, and "Hot-Kid Nut Milk for Kids" (旺仔兒童堅果牛奶) for the high-end dairy market.

Snack foods

Revenue from the snack foods segment declined by 1.5% year-on-year to RMB3,031.8 million in the first half of 2023FY, which was mainly attributable to a year-on-year mid-to-high single digit decline in the popsicles sub-category in the first half of 2023FY (April to September) as a result of the earlier commencement of popsicles operational rhythm this year, notwithstanding that this represented a year-on-year growth in the calendar year (January-September), while the candies sub-category reached a record high in term of its revenue for the first-half year.

Revenue from the candies sub-category increased by a high-single digit year-on-year, which was driven by the new consumption scenarios and new products. The themed digital marketing campaign titled "Eat Hot-Kid Milk Chewies for Family Celebrations!" (家有喜事，就吃旺仔牛奶糖！) aimed to deepen the brand image of milk chewies and the emotional interaction with consumers, adding to the joyful and prosperous atmosphere of wedding ceremonies and festival celebrations. In addition, new products such as "Double Layer QQ Gummies" and "Super QQ" (超 QQ) meet the demand of consumers from the Z generation for constant flavour upgrades. New products launched within the past five years accounted for nearly double-digit percentage of revenue of gummies in the first half of 2023FY.

The popsicles sub-category showed weak performance in the first half of 2023FY. Driven by new product contributions, revenue from "Dongchi" sales achieved RMB300 million in the calendar year (January to September) and maintained a high single-digit growth. The Group focused on the development of new products with new flavours, such as "Dongchi" in pineapple flavour, the launch of which further enriched the product offerings of such product sub-category. Meanwhile, the unique bottle shape of "Upgraded Version of Popsicles" (碎冰冰升級版), known as "Fatty Popsicles" (胖冰冰), has been well received by consumers since its launch due to its unique production process which makes the ice crystals uniformly fine and delicate after freezing. At the same time, the Group has invested abundant and diversified marketing resources to build nearly 1,000 Want Want Popsicles benchmark shops, which greatly enhanced consumer experience.

COST OF SALES

The cost of sales of the Group for the first half of 2023FY amounted to RMB6,174.1 million, which was basically flat as compared to the same period of last year. This was mainly attributable to the year-on-year decrease in the unit cost of certain key raw materials and packaging materials as well as the decrease in the overall costs as a result of the diversified raw material procurement strategy and the continuous optimisation of the labour structure.

GROSS PROFIT

The gross profit margin of the Group for the first half of 2023FY increased by 2.4 percentage points to 45.2% as compared with that of the same period of last year. This was mainly attributable to the decline in the costs of certain key raw materials and packaging materials, as well as the optimisation of the product sales mix, diversification of channels and enhancement of product profitability. Gross profit increased by 10.0% year-on-year to RMB5,100.7 million as a result of the increase in both revenue and gross profit margin.

Rice crackers

The gross profit margin of the rice crackers segment for the first half of 2023FY was 43.8%, representing a year-on-year increase of 6.6 percentage points. This was mainly attributable to the decrease in palm oil cost by approximately 30% as compared with that of the same period in the previous year as well as continued optimisation of labor costs. The Group will promote production automation, optimise the production layout, launch new products and enhance the product mix to maintain healthy profitability of this segment.

Dairy products and beverages

The gross profit margin of the dairy products and beverages segment was 47.3% for the first half of 2023FY, representing a year-on-year increase of 2.0 percentage points over the same period of last year. This was mainly due to the year-on-year decrease in the unit cost of packaging materials such as tinplate and raw paper by a high single-digit to mid-teen percentage while the unit cost of imported milk powder basically remained stable. The Group will continue to promote channel diversification, launch new products with differentiated and distinctive features, and adopt prudent procurement and inventory management strategies to consolidate product profitability.

Snack foods

The gross profit margin of the snack foods segment was 43.0% for the first half of 2023FY, representing an increase of 0.8 percentage point over the same period of last year. This was mainly due to the increase in the unit costs of sugar and gelatin by a high-teen percentage and approximately 30% respectively, which partially offset the benefit of other cost reduction. The Group will continue to review the profitability of its products and improve the level of production automation in order to enhance the profitability of its products.

DISTRIBUTION COSTS

The distribution costs for the first half of 2023FY amounted to RMB1,474.8 million, representing a 0.7% or RMB10.50 million increase as compared to that of the first half of 2022FY. Distribution costs as a percentage of revenue decreased by 0.4 percentage point year-on-year to 13.1% as compared with the same period of 2022FY, which was mainly attributable to the decrease in transportation expense to revenue ratio by 0.5 percentage point to 3.6% as compared to the same period of the previous year following the normalization of supply chain.

ADMINISTRATIVE EXPENSES

Administrative expenses for the first half of 2023FY amounted to RMB1,483.2 million, representing a 5.5% or RMB77.82 million increase as compared to the same period of the previous year. The administrative expenses to revenue ratio was 13.2%, representing a slight increase of 0.2 percentage point as compared to that of the first half of 2022FY.

OPERATING PROFIT

The Group's operating profit for the first half of 2023FY amounted to RMB2,475.6 million, representing a year-on-year increase of 19.5% as compared with that of the first half of 2022FY, which was due to the improvement in gross profit margin and cost efficiency. The operating profit margin was 22.0%, representing an increase of 2.9 percentage points as compared to that for the same period in 2022FY.

INCOME TAX EXPENSE

The Group's income tax expense for the first half of 2023FY amounted to RMB639.7 million, and the income tax rate was 27.0%, representing an increase of 0.9 percentage point as compared to that for the first half of 2022FY.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

In summary, profit attributable to equity holders of the Company amounted to RMB1,732.2 million, representing an increase of 8.5% as compared to that of the first half of 2022FY. The margin of profit attributable to equity holders increased by 0.7 percentage point to 15.4% as compared to that of the same period of last year.

LIQUIDITY AND CAPITAL RESOURCES

Cash and borrowings

As at 30 September 2023, the net cash of the Group (cash and bank deposits (including long-term bank deposits) net of borrowings) amounted to RMB8,113.3 million, representing a decrease of RMB204.0 million as compared to that as at 31 March 2023 (RMB8,317.3 million).

The Group finance its operations and capital expenditure primarily by cash flows generated from internal operations as well as banking facilities provided by its principal banks. As at 30 September 2023, the Group's cash and bank deposits balances (including long-term bank deposits of RMB9,201.0 million) amounted to RMB15,743.5 million (in which RMB accounted for approximately 96%, being approximately RMB15,178.9 million), representing an increase of RMB2,083.9 million as compared to RMB13,659.6 million as at 31 March 2023. This was mainly due to the cash inflow from operating activities amounting to RMB1,946.3 million.

As at 30 September 2023, the Group's total borrowings amounted to RMB7,630.2 million, representing an increase of RMB2,287.9 million as compared with the balance as at 31 March 2023 (RMB5,342.3 million). Among which, RMB denominated borrowings amounted to RMB6,464.5 million, accounting for nearly 85% of total borrowings (accounting for nearly 10% of total borrowings as at 31 March 2023) and USD denominated borrowings amounted to RMB501.5 million, accounting for nearly 7% of total borrowings (accounting for over 88% of total borrowings as at 31 March 2023). The proportion of RMB denominated borrowings was significantly increased as compared with that as at 31 March 2023. In light of the continuous increase in interest rates for USD denominated borrowings, the Group replaced the USD denominated borrowings by RMB denominated borrowings. Short-term borrowings amounted to RMB5,880.6 million, representing an increase of RMB2,598.6 million as compared with those as at 31 March 2023 (RMB3,282.0 million); and long-term borrowings amounted to RMB1,749.6 million, representing a decrease of RMB310.7 million as compared with those as at 31 March 2023 (RMB2,060.3 million).

The Group's net gearing ratio (total borrowings net of cash and bank deposits (including long-term bank deposits) as a ratio of total equity (excluding non-controlling interests) at the end of the period) as at 30 September 2023 was -0.56 time (31 March 2023: -0.57 time). At present, the Group maintains sufficient cash and available banking facilities for its working capital requirements and for capitalising on any potential investment opportunities in the future. The management will from time to time make prudent financial arrangements and decisions to address changes in the domestic and international financial environment.

Cash flows

For the first half of 2023FY, a net cash inflow of RMB1,946.3 million was generated from the Group's operating activities, consisting mainly of profit before income tax of RMB2,366.9 million; net cash inflow for financing activities was RMB237.6 million, consisting mainly of net inflow of borrowings of RMB2,105.9 million and cash outflows for dividend payment of RMB1,791.1 million; net cash outflow for investing activities was RMB2,270.2 million, mainly due to an increase of RMB2,181.6 million in bank deposits with original maturity of more than three months as compared to that of 31 March 2023. Finally, the cash and bank balances as of 30 September 2023 were RMB6,542.5 million, plus long-term bank deposits of RMB9,201.0 million, adding up to a total of RMB15,743.5 million.

Capital expenditure

For the first half of 2023FY, the Group's capital expenditure amounted to RMB220.3 million (for the year ended 31 March 2023: RMB531.3 million). The Group invested approximately RMB48.68 million, RMB66.27 million and RMB47.04 million respectively on the expansion of production plants and equipment for the three key product segments (rice crackers, dairy products and beverages, and snack foods segments), which was mainly for the construction of new plant and equipment in Vietnam and upgrade of some of the domestic old plants and production facilities to prepare for the Group's future growth. In addition, the Group also made investment in information facilities and packaging facilities.

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

Inventory analysis

The Group's 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 the Group's inventory turnover days for the six months ended 30 September 2023 and for the year ended 31 March 2023:

	For the six months ended 30 September 2023	**For the year ended 31 March 2023**
Inventory turnover days	86	90

The inventory turnover days decreased by 4 days from the beginning of the period to 86 days, mainly due to the elimination of uncertainties of the pandemic and reduction of its inventory level of raw materials by the Group accordingly.

As at 30 September 2023, inventory amounted to RMB2,742.3 million, representing a decrease of RMB399.8 million as compared with RMB3,142.1 million as at 31 March 2023.

Trade receivables

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

The following table sets forth the number of the Group's trade receivables turnover days for the six months ended 30 September 2023 and for the year ended 31 March 2023:

	For the six months ended 30 September 2023	**For the year ended 31 March 2023**
Trade receivables turnover days	14	15

Trade payables

The Group's trade payables mainly relate to the purchase of raw materials on credit from its 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 the Group's trade payables turnover days for the six months ended 30 September 2023 and for the year ended 31 March 2023:

	For the six months ended 30 September 2023	**For the year ended 31 March 2023**
Trade payables turnover days	30	29

Pledge of assets

As at 30 September 2023, none of the assets of the Group was pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

For the first half of 2023FY, average number of employees of the Group was approximately 38,887, representing a decrease of 2,342 employees as compared with the average number of employees for the year ended 31 March 2023, mainly due to the difference in manpower demand in peak and off seasons. Total remuneration expenses for the first half of 2023FY amounted to RMB2,217.4 million. The remuneration package of the Group's employees includes fixed salary, commissions and allowances (where applicable), and performance-based year-end bonuses having regard to the performance of the Group and that of the individual employee.

The Group always cares about and has invested a significant amount of resources in continuing education and training programs for its employees. Training programs, both external and internal, are also provided by the Group to relevant staff as and when required to constantly improve their professional knowledge and skills.

FOREIGN EXCHANGE RISKS

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

Procurement of some of the raw materials and equipments from overseas and USD denominated borrowings of the Group are mainly recognised in the financial statements of the subsidiaries of the Group whose functional currency is USD. 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.

DIVIDENDS

The Company has always been implementing its policy of paying cash dividends and conducting share repurchases with an aim of maximising shareholders' interests and in a prudent manner after taking into account all relevant factors (both externally and internally). The Board has resolved not to declare an interim dividend for the first half of 2023FY. The Board will consider and decide whether or not to recommend a final dividend for 2023FY in due course. Meanwhile, the Company may consider to conduct share repurchases in appropriate circumstances.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

The unaudited interim results of the Group for the six months ended 30 September 2023 have been reviewed by the audit and risk management committee and Ernst & Young, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2023, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Part 2 of Appendix 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 provision C.2.1.

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same person. Our Company deviates from this provision because Mr. Tsai Eng-Meng performs both the roles of chairman and chief executive. Mr. Tsai is the founder of our Group and has over 46 years of experience in the food and beverages industry. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategies. We shall nevertheless review the structure from time to time in light of the prevailing circumstances.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 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 2023.

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

The Company repurchased a total of 2,677,000 shares on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") for an aggregate amount (excluding expenses) of HK$13,383,000 during the six months ended 30 September 2023 and such repurchased shares were cancelled in May 2023. Particulars of the shares repurchased 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 2023	2,677,000	5.00	4.99	13,383,000

Subsequent to the balance sheet date of 30 September 2023 and up to the date of this announcement, the Company repurchased a total of 14,513,000 shares on the HK Stock Exchange for an aggregate amount (excluding expenses) of HK$70,867,170. Such repurchased shares were subsequently cancelled. The number of issued shares of the Company as at the date of this announcement is 11,864,893,135 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 2023	14,513,000	5.06	4.63	70,867,170

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

Saved for the share repurchases as disclosed in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2023 and up to the date of this announcement.

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

Hong Kong, 28 November 2023

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