
2008

interim report
中期報告



UNI-PRESIDENT CHINA HOLDINGS LTD.
統一企業中國控股有限公司*

(a company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

(Stock Code 股份編號: 220)

*For identification purpose only
僅供識別

CORPORATE INFORMATION

REGISTERED OFFICE

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Grand Cayman
Cayman Islands

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China

PLACE OF BUSINESS IN HONG KONG

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WEBSITE ADDRESS

www.upch.com.cn

COMPANY SECRETARY

Chan Pei Cheong, Andy

QUALIFIED ACCOUNTANT

Chan Pei Cheong, Andy

AUDIT COMMITTEE

Mr. Fan Ren-Da, Anthony (*Chairman*)
Mr. Chen Sun-Te
Mr. Lin Lung-Yi

NOMINATION COMMITTEE

Mr. Hwang Jenn-Tai (*Chairman*)
Mr. Fan Ren-Da, Anthony
Mr. Lo Chih-Hsien

REMUNERATION COMMITTEE

Mr. Chen Sun-Te (*Chairman*)
Mr. Hwang Jenn-Tai
Mr. Lin Chang-sheng

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China
Bank of Shanghai
China Construction Bank
China Merchants Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

The board of directors (the “Board”) of Uni-President China Holdings Ltd. (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2008. The condensed consolidated interim financial information is unaudited but has been reviewed by the audit committee of the Company, and the independent auditor of the Company, PricewaterhouseCoopers, 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.

MARKET REVIEW

At the beginning of 2008, China experienced its largest snowstorm in 50 years. It seriously affected 19 provinces in the Yangtze River basin, the south of the Yangtze River and the northwest region, hindering railway transportation during the Spring Festival, causing water and power supply interruption and inflation. For the first half of 2008, China’s GDP and CPI increased by 10.4% and 7.9%, respectively, against the same period of 2007. Whilst the economy continued to grow rapidly, the pressure of inflation gradually became apparent. Through expanding sales channels and improving sales components of products, revenue of instant noodles in the first half of 2008 increased by 14.7% to RMB1,306.6 million against the same period of 2007 and the beverage business benefited from our previous market planning activities as revenue increased by 13.0% to RMB3,713.9 million against the same period of 2007, which reflects growth in the two major businesses of the Group.

FINANCIAL RESULTS

For the six months ended 30 June 2008, the Group recorded revenue of RMB5,036.7 million, representing growth of 13.1% from RMB4,453.2 million for the same period in 2007. Revenue from our instant noodles and beverage products amounted to RMB1,306.6 million and RMB3,713.9 million, respectively, representing an increase of 14.7% and 13.0%, respectively, as compared with the same period in 2007 and accounting for 25.9% and 73.7%, respectively, of the Group’s total revenue. During the period under review, gross profit increased by 16.4% to RMB1,729.8 million and gross profit margin rose to 34.3% from 33.4% for the same period in 2007. Growth of revenue for the period reflects significant increase in tea drinks operation and market share of the Group, success of the Group’s strategy in focusing on the development of the beverage business, which generally supports higher margins, and successful implementation of effective cost control measures, offsetting escalating raw material prices, resulting in increase in overall gross profit. However, as most of the Group entities’ functional currency is RMB, and RMB has strengthened by 6% against USD during the period under review, this has resulted in a net foreign exchange loss of RMB127.8 million for the six months ended 30 June 2008 (compared to first half of 2007 where net foreign exchange gain was RMB5.7 million) from recognized assets of the Group denominated in USD and HKD, such as cash and cash equivalent and other current financial assets. As a result, profit attributable to equity holders of the Company decreased by 18.4% to RMB212.2 million (RMB260.1 million for the same period in 2007). Management has undertaken a variety of measures to mitigate foreign currency risk, including but not limited to import of equipment and raw materials from overseas market directly and lending foreign currency funds to domestic subsidiaries. During the period under review, earnings per share were RMB5.90 cents (first half of 2007: RMB8.67 cents). Excluding the foreign exchange losses, the Group has had a strong performance during the period under review. As revenue increased, total operating expenses and overall staff costs of the Group also increased. Selling and marketing expenses increased by 12.9% to

RMB1,220.8 million for the period under review (first half of 2007: RMB1,081.5 million) and administrative expenses also rose to RMB141.5 million (first half of 2007: RMB118.4 million), representing an increase of 19.5% compared with the same period in 2007. In addition, financing costs increased to RMB132.8 million (first half of 2007: RMB13.4 million) due to RMB appreciation and foreign exchange loss.

BUSINESS REVIEW

Juice Drinks

For the six months ended 30 June 2008, revenue from juice drinks amounted to RMB1,232.8 million (first half of 2007: RMB1,440.6 million), representing a decrease of 14.4% for the same period in the previous year, accounting for 24.5% of the Group's total revenue. Revenue decreased in the first half of 2008 largely because sales for larger pack juice drinks products generally peak during the Spring Festival but the largest snowstorm in 50 years had significantly reduced the number of people returning home during the Spring Festival. As a result, consumption of large pack fruit juices which promotes the concept of "sharing with joy" decreased, resulting in temporary fall in our results. With our prominent brands and products, sales picked up rapidly in March and April. After entering into peak season for beverage sales in the second quarter in 2008, we co-operated with China Southern Airlines to kick off a large scale nationwide marketing activity "統一鮮橙多2008中國新空姐招募大匯", with roadshows and television programs launched across the nation. This significantly enhanced our brand's reputation and sales. Sales increased in May and June as the effect of such promotional activities began to be realized and we expect our results will continue to have positive growth in the second half of the year. The product diversification sales strategy, implemented since 2007, meant that besides focusing on the main product of the "More" brand of orange juice drink (鮮橙多), the "More" brand of peach juice drink (蜜桃多) also became a new major promoting flavour. After a year of strong promotion, the "More" brand of peach juice drink has secured a leading position in first-and second-tier cities in the PRC. In addition, ready-to-drink quality tomato juice products have been promoted in major coastal cities since 2008 and have been well-received by the market which allows the Group to tap into the healthy consumer diet market.

Tea Drinks

For the six months ended 30 June 2008, revenue from tea drinks reached RMB2,159.8 million (first half of 2007: RMB1,616.8 million), representing an increase of 33.6% from the same period in 2007. The growth in revenue was mainly attributable to the growing health consciousness amongst consumers. The new bottle packaging and logo design of Uni-President "Iced" brand and green tea introduced in the beginning of the year was well-received by the market. To support the increased penetration of the Group's sales network, Uni-President tea drinks (including its green tea and "Iced" brand) were advertised during primetime on CCTV from March to June 2008 and the awareness of such products increased. Revenue from the "Iced" brand performed well with an increase of 42.1% in the first half of 2008. The sugar-free organic green tea began to achieve stable consumer support in a number of first-tier cities and the Group believes that with the gradual change of consumers' drinking habits, the product will have great potential in the future.

Instant Noodles

Revenue from instant noodles recorded RMB1,306.6 million in the first half of 2008, a slight increase from the RMB1,139.5 million for the same period in 2007, accounting for 25.9% of the Group's total revenue. In face of the continuing increase in price of raw materials, notwithstanding the negative impact on the short-term revenue, the Group has insisted on devoting and accelerating the optimization and adjustment of its products mix, and shifting to introducing high value products.

During the period under review, the sales portfolio of instant noodles changed significantly. Increase in revenue from the "Gan Cui Mian" (干脆麵), "Lai Yi Tong" (來一桶) and "Qiao Mian Guan" (巧麵館) brands has offset the decrease in revenue from the "Good Economy" (好勁道) brand. The shift in emphasis to sales of mid and high priced brands has helped to alleviate the impact of higher costs of raw materials. After the introduction of the "Qiao Mian Guan" (巧麵館) brand in Central China at the end of last year, sales for the first half of 2008 was satisfactory.

As the sole sponsor of instant noodles for the 2008 Beijing Olympic Games, the Group conducted a series of Olympic-related activities in the first half of the year by giving out Olympic Games tickets as gifts for consumers. The focus of such promotional activities was our bowl noodles, with the aim of increasing the proportion of sales of middle to high priced bowl noodle products in order to achieve optimization of our product mix. During the first half of the year, through the establishment of sales points in major transportation hubs such as railway stations and together with a series of Olympic-related promotional activities to promote our middle to high priced bowl noodle products, our results achieved significant growth.

During the 2008 Beijing Olympic Games, the Company provided instant noodle products for qualifying round and official round matches, with the aim to using the Olympic Games as a platform for us to promote our high quality instant noodles to consumers who came to watch the games. The Company has also launched the TV advertisement "統一方便麵前進奧運篇" during May to August in order to further promote our brand image and results.

PROSPECTS

We expect the second half of 2008 to be another challenging period for the Group. To facilitate tapping into market opportunities and staying ahead of the intense competition, the Group will continue to adhere to its business strategies of focusing on innovation and R&D and strengthening quality management, thereby seizing more opportunities in the fast growing PRC consumer market.

The Group aims to reduce reliance on major raw materials to reduce the impact of rising raw material prices. It will also continue to adjust the positioning of its instant noodle products from targeting low-end markets to higher end market segments, thereby creating an optimized product mix and enhanced competitiveness. For the beverage segment, heeding the rising demand for better quality products amongst Chinese consumers who are enjoying improving living standards and are becoming more health-conscious, the Group will build on the foundation of existing products to develop and provide more new healthy and nutritious beverage products to consumers. Our aspiration is to become a leading beverage and food product platform in the PRC and maintain stable growth in our results.

FINANCIAL POSITION

As at 30 June 2008, the Group had approximately RMB3,144.2 million in cash and cash equivalent (31 December 2007: approximately RMB3,411.9 million). Current assets amounted to approximately RMB4,620.6 million (31 December 2007: approximately RMB4,340.3 million) and current liabilities were approximately RMB1,700.4 million (31 December 2007: approximately RMB1,754.8 million). Contingent liabilities were approximately RMB251.3 million (31 December 2007: approximately RMB150.3 million). With net current assets of approximately RMB2,920.2 million, the Group maintained strong liquidity. The Group's total borrowings comprised bank borrowings of approximately RMB81.2 million (31 December 2007: approximately RMB296.2 million), all of which were repayable within one year. The gearing ratios at 30 June 2008 and 31 December 2007 were as follows:

	30 June 2008 RMB million	31 December 2007 RMB million
Total borrowings	1,654.9	1,730.3
Less: cash and cash equivalent	(3,144.2)	(3,411.9)
Net debt	(1,489.3)	(1,681.6)
Total equity	5,652.0	5,184.8
Total capital	4,162.7	3,503.2
Gearing ratio	(35.8%)	(48.0%)

As at 30 June 2008, the Group had not created any charges on its assets.

TREASURY POLICY

The Group has consistently exercised financial prudence, and it continued to enjoy a strong financial standing during the period under review with low gearing and a net cash position. The Group financed its operations and business development primarily with a combination of internally generated resources and banking facilities provided by its principal bankers. The borrowings of the Group were used by its subsidiaries and were interest-bearing loans. As large amount of cash in bank were denominated in foreign currencies, the Group has adopted appropriate methods to mitigate currency risks.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2008, the Group had 18,097 employees. The Group enters into individual employment contracts with its employees, covering remuneration, statutory subsidies, social security welfare, employee benefits, workplace safety and hygienic conditions, confidentiality obligations and termination conditions. Except for employment contracts with middle and senior management staff, our employment contracts have a term of one to three years, while the probation period of new employees is two months. To enhance the skills and techniques of our management staff and other employees, we will continue to increase investment in continuing education and training schemes. We arrange internal and external on-the-job training for our employees to improve their skills and techniques. The scope of training programmes ranges from basic production methods, to advanced skills training and the professional development of management staff.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance (“SFO”) showed that the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

Name	Capacity/Nature of interest	Number of shares	Percentage of shareholding
Cayman President Holdings Ltd.	Beneficial owner	2,645,090,000	73.49%
Uni-President Enterprises Corporation ⁽¹⁾	Interest of a controlled corporation	2,645,090,000	73.49%

Note:

- (1) Cayman President Holdings Ltd. is a direct wholly-owned subsidiary of Uni-President Enterprises Corporation and therefore, Uni-President Enterprises Corporation is deemed or taken to be interested in the 2,645,090,000 shares which are beneficially owned by Cayman President Holdings Ltd. under the purposes of the SFO.

Save as disclosed above, as at 30 June 2008, no other person had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

During the six months ended 30 June 2008, no share option has been granted under the share option scheme adopted by the Company pursuant to a written resolution passed on 23 November 2007.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the six months ended 30 June 2008.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2008, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares of associated corporations

Name of corporation and name of its relevant shareholder	Number of shares			Total	Percentage of shareholding as at 30 June 2008
	Personal Interest	Interest of child under 18 or spouse	Corporate Interest		
Uni-President Enterprises Corporation					
Kao Chin-Yen	106,487	217,050	–	323,537	0.01%
Lin Chang-Sheng	31,486,166	2,192,418	–	33,678,584	0.95%
Lin Lung-Yi	1,096,276	929,657	–	2,025,933	0.06%
Lo Chih-Hsien	2,675,013	58,289,342	–	60,964,355	1.71%
Lin Wu-Chung	652	–	–	652	0.00%

Save as disclosed above, as at 30 June 2008, none of the directors nor the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the six months ended 30 June 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has complied with all the core provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008.



AUDIT COMMITTEE

The audit committee comprises Mr. Fan Ren-Da, Anthony, Mr. Chen Sun-Te and Mr. Lin Lung-Yi, a majority of whom are independent non-executive directors. The audit committee reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The audit committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2008 and has recommended their adoption by the Board.

INDEPENDENT AUDITOR'S REVIEW REPORT



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TO THE DIRECTORS OF UNI-PRESIDENT CHINA HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 34, which comprises the condensed consolidated balance sheet of Uni-President China Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 21 August 2008

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2008

(All amounts in thousands of Renminbi unless otherwise stated)

	Note	30 June 2008 Unaudited	31 December 2007 Audited
ASSETS			
Non-current assets			
Leasehold land	6	173,975	158,438
Property, plant and equipment	6	1,850,679	1,889,691
Intangible assets	6	29,254	56,258
Interests in jointly controlled entities		226,900	235,382
Deferred income tax assets		54,310	43,895
Available-for-sale financial assets	7	406,930	231,164
		2,742,048	2,614,828
Current assets			
Inventories		596,192	567,087
Trade and bills receivables	8	326,968	239,536
Prepayments, deposits and other receivables	9	346,777	121,760
Other current financial assets	10	205,773	–
Pledged bank deposits		723	–
Cash and cash equivalents		3,144,181	3,411,868
		4,620,614	4,340,251
Total assets		7,362,662	6,955,079

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2008

(All amounts in thousands of Renminbi unless otherwise stated)

	Note	30 June 2008 Unaudited	31 December 2007 Audited
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	11	34,047	33,370
Share premium	11	2,241,980	1,960,248
Other reserves		2,064,224	2,091,829
Retained earnings		1,311,712	1,099,380
Total equity		5,651,963	5,184,827
LIABILITIES			
Non-current liabilities			
Deferred government grants		7,990	8,673
Deferred income tax liabilities		2,345	6,813
		10,335	15,486
Current liabilities			
Trade and bills payables	12	602,032	471,218
Other payables and accruals	13	951,140	916,660
Borrowings	14	81,200	296,175
Other long-term liability – current portion	15	20,551	46,192
Current income tax liabilities		45,441	24,521
		1,700,364	1,754,766
Total liabilities		1,710,699	1,770,252
Total equity and liabilities		7,362,662	6,955,079
Net current assets		2,920,250	2,585,485
Total assets less current liabilities		5,662,298	5,200,313

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2008
(All amounts in thousands of Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2008 Unaudited	2007 Audited combined
Revenue	5	5,036,742	4,453,182
Cost of sales	16	(3,306,954)	(2,967,278)
Gross profit		1,729,788	1,485,904
Other (losses)/gains, net		(8,693)	4,087
Other income		23,728	17,115
Selling and marketing expenses	16	(1,220,792)	(1,081,531)
Administrative expenses	16	(141,536)	(118,448)
Operating profit		382,495	307,127
Finance income		41,934	8,634
Finance costs		(132,754)	(13,410)
Finance costs-net	17	(90,820)	(4,776)
Share of losses of jointly controlled entities		(8,482)	(13,400)
Profit before income tax		283,193	288,951
Income tax expense	18	(71,017)	(28,840)
Profit for the period		212,176	260,111
Profit attributable to equity holders of the Company		212,176	260,111
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic	19	5.90 cents	8.67 cents
– Diluted	19	5.90 cents	8.67 cents
Dividends	20	–	–

The notes on page 16 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

(All amounts in thousands of Renminbi unless otherwise stated)

	Attributable to equity holders of the Company				Total
	Share capital	Share premium	Other reserves	Retained earnings	
	(Note 11)	(Note 11)			
Audited combined					
Balance at 1 January 2007	28,385	(28,385)	1,769,487	762,743	2,532,230
Contributions from equity holder in relation to the Reorganisation	–	–	194,335	–	194,335
Disposal transfer-revaluation reserve of property, plant and equipment acquired in business combinations	–	–	(362)	362	–
Profit for the period	–	–	–	260,111	260,111
Revaluation of available-for-sale financial assets, net of tax	–	–	13,019	–	13,019
Balance at 30 June 2007	28,385	(28,385)	1,976,479	1,023,216	2,999,695
Unaudited					
Balance at 1 January 2008	33,370	1,960,248	2,091,829	1,099,380	5,184,827
Disposal transfer-revaluation reserve of property, plant and equipment acquired in business combinations	–	–	(156)	156	–
Profit for the period	–	–	–	212,176	212,176
Issue of shares, net off issue expenses	677	281,732	–	–	282,409
Revaluation of available-for-sale financial assets, net of tax	–	–	(27,449)	–	(27,449)
Balance at 30 June 2008	34,047	2,241,980	2,064,224	1,311,712	5,651,963

The notes on page 16 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2008
(All amounts in thousands of Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2008 Unaudited	2007 Audited combined
Cash flows from operating activities:			
Cash generated from operations		400,471	951,569
Interest income received on cash and cash equivalent		40,035	8,634
Interest expenses paid		(7,561)	(15,715)
Income tax paid		(60,048)	(26,924)
Net cash generated from operating activities		372,897	917,564
Cash flows from investing activities:			
Payments for leasehold land	6	(17,369)	–
Purchase of property, plant and equipment		(116,189)	(162,154)
Purchases of intangible assets		(25,424)	(28,637)
Loans lent to related parties, net		–	(33,000)
Interest income received on loans to related parties		–	682
Proceeds from disposal of property, plant and equipment		1,838	25,111
Proceeds from equity holder in respect of the Reorganisation		–	170,848
Payments to equity holder in respect of the Reorganisation		–	(117,150)
Increase in other current financial assets	10	(205,773)	–
Additions of available-for-sales financial assets		(208,026)	–
Net cash used in investing activities		(570,943)	(144,300)
Cash flows from financing activities:			
Proceeds from issue of shares, net of share issue expenses	11	282,409	–
Proceeds from bank borrowings	14	139,543	756,012
Repayments of bank borrowings	14	(354,518)	(1,074,278)
Dividends received from companies of Other Businesses		–	7,040
Net cash generated from/(used in) financing activities		67,434	(311,226)
Net (decrease)/increase in cash and cash equivalents		(130,612)	462,038
Cash and cash equivalents at beginning of the period		3,411,868	841,123
Exchange losses on cash and cash equivalents		(137,075)	–
Cash and cash equivalents at end of the period		3,144,181	1,303,161

The notes on page 16 to 34 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

1. GENERAL INFORMATION

Uni-President China Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 4 July 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The Company and its subsidiaries (together the “Group”) are principally engaged in the manufacturing and sale of beverages and instant noodles in the People’s Republic of China (the “PRC”) (the “PRC Beverages and Instant Noodles Businesses”).

The Company completed its global initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 December 2007.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”), unless otherwise stated, and was approved for issue by the Board of Directors on 21 August 2008.

2. GROUP REORGANISATION

The ultimate holding company of the Group is 統一企業股份有限公司 (Uni-President Enterprises Corporation) (“Uni-President”), a company whose shares are listed on the Taiwan Stock Exchange Corporation. Prior to the establishment of the Company, Uni-President operated the PRC Beverages and Instant Noodles Businesses and other businesses, including the production of flour, edible oils, animals feeds, aquatic and livestock products, trading and retailing of food and carbonated beverages (collectively “Other Businesses”) in the PRC through various subsidiaries. The Other Businesses have been managed separately from the PRC Beverages and Instant Noodles Businesses.

To prepare for the global offering and listing of the Company’s shares, Uni-President conducted a reorganisation of the PRC Beverages and Instant Noodles Businesses (the “Reorganisation”). Pursuant to the Reorganisation, which was completed on 20 July 2007, the PRC Beverage and Instant Noodles Businesses were transferred to the Company such that the Company became the holding company of the companies now comprising the Group.

The Reorganisation involved companies under common control. Accordingly, the condensed combined interim financial information of the Group for the six months ended 30 June 2007 has been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and present the results and cash flows of the Group as if the structure of the Group resulting from the Reorganisation had been in existence throughout the six months ended 30 June 2007.

3. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

4. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those for the annual financial statements for the year ended 31 December 2007, as described in the annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretation are mandatory for the first time for the financial year beginning 1 January 2008, all of which are not relevant to the Group.

- HK(IFRIC)-Int 11, 'HKFRS 2 – Group and treasury share transactions'
- HK(IFRIC)-Int 12, 'Service concession arrangements'
- HK(IFRIC)-Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

Relevant to the Group:

- HKAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. It is not expected to have a material impact on the Group's financial statements, as the Group has already chosen the allowed alternative treatment to capitalise borrowing cost attributable to qualifying assets under the original HKAS 23.
- HKFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Management is assessing the impact and it is not expected to have a material impact on the Group's financial statements, as the present operating segments were already identified on the basis of internal reports reviewed by the decision maker.
- HKFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. The Group will apply HKFRS 2 amendment from 1 January 2009, but it is not expected to have material impact on the Group's financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

4. ACCOUNTING POLICIES – CONTINUED

Relevant to the Group (continued):

- HKFRS 3 (amendment), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and jointly controlled entities on the Group.
- HKAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact under the revised disclosure requirements of this standard.
- HK(IFRIC) – Int 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. The Group is assessing the impact of this accounting standard and it is not expected to have a material impact to the Group's financial statements.

Not relevant to the Group:

- HKAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to HKAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group, as the Group does not have any puttable instruments.

5. REVENUE AND SEGMENT INFORMATION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary and only reporting format, as over 90% of the Groups sales and business activities are conducted in the PRC.

The Group's operations are mainly organised under two principal business segments: manufacturing and sale of beverages and instant noodles.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

5. REVENUE AND SEGMENT INFORMATION – CONTINUED

The segment results for the six months ended 30 June 2008 and 2007 are as follows:

	Six months ended 30 June 2008				Group
	Beverages	Instant noodles	Others	Unallocated	
Revenue	3,713,851	1,306,627	16,264	–	5,036,742
Segment profit/(loss)	459,863	(9,046)	(10,800)	(57,522)	382,495
Finance costs-net					(90,820)
Share of losses from jointly controlled entities	(8,482)	–	–	–	(8,482)
Profit before income tax					283,193
Income tax expense					(71,017)
Profit for the period					212,176
	Six months ended 30 June 2007				
	Beverages	Instant noodles	Others	Unallocated	Group
Revenue	3,286,006	1,139,534	27,642	–	4,453,182
Segment profit/(loss)	363,298	(9,371)	(11,004)	(35,796)	307,127
Finance costs-net					(4,776)
Share of losses from jointly controlled entities	(13,400)	–	–	–	(13,400)
Profit before income tax					288,951
Income tax expense					(28,840)
Profit for the period					260,111

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

5. REVENUE AND SEGMENT INFORMATION – CONTINUED

Other segment terms included in the income statements are as follows:

	Six months ended 30 June 2008				Group
	Beverages	Instant noodles	Others	Unallocated	
Depreciation and amortisation	99,224	71,728	4,710	2,461	178,123

	Six months ended 30 June 2007				Group
	Beverages	Instant noodles	Others	Unallocated	
Depreciation and amortisation	102,704	75,499	1,841	1,963	182,007

Unallocated costs represent corporate expenses.

The segment assets and liabilities at 30 June 2008 and capital expenditure for the six months then ended are as follows:

	Six months ended 30 June 2008				Group
	Beverages	Instant noodles	Others	Unallocated	
Assets	2,316,452	930,157	18,824	3,870,329	7,135,762
Interests in jointly controlled entities	226,900	–	–	–	226,900
Total assets					7,362,662
Total liabilities	1,131,040	414,158	10,214	155,287	1,710,699
Capital expenditure	109,118	15,378	4,928	225	129,649

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

5. REVENUE AND SEGMENT INFORMATION – CONTINUED

The segment assets and liabilities at 31 December 2007 and capital expenditure for the six months ended 30 June 2007 are as follows:

	Beverages	Instant noodles	Others	Unallocated	Group
Assets	1,936,546	979,338	38,192	3,765,621	6,719,697
Interests in jointly controlled entities	235,382	–	–	–	235,382
Total assets					6,955,079
Total liabilities	924,321	450,417	14,871	380,643	1,770,252
Capital expenditure	89,272	32,061	810	15,129	137,272

Segment assets consist primarily of leasehold land, property, plant and equipment, intangible assets, inventories, trade and bills receivables, prepayments, deposits and other receivables, and mainly exclude deferred income tax assets, available-for-sale financial assets, other current financial assets, pledged bank deposits and cash and cash equivalents.

Segment liabilities comprise deferred government grants, other long-term liability, trade and bills payables, other payables and accruals, and exclude items such as deferred income tax liabilities, current income tax liabilities and borrowings.

Capital expenditure comprises additions to leasehold land, property, plant and equipment and intangible assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

6. LEASEHOLD LAND, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Leasehold land	Property, plant and equipment	Intangible assets
Six months ended 30 June 2008			
Opening net book amount as at 1 January 2008	158,438	1,889,691	56,258
Additions	17,369	111,655	625
Disposals	–	(2,005)	–
Depreciation and amortisation (Note 16)	(1,832)	(148,662)	(27,629)
Closing net book amount as at 30 June 2008	173,975	1,850,679	29,254
Six months ended 30 June 2007			
Opening net book amount as at 1 January 2007	122,312	2,059,412	111,181
Additions	–	136,636	636
Reclassification	31,206	(31,206)	–
Disposals	–	(22,532)	–
Depreciation and amortisation (Note 16)	(1,602)	(152,902)	(27,503)
Reversal of impairment provision	–	435	–
Closing net book amount as at 30 June 2007	151,916	1,989,843	84,314

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Non-monetary securities
Six months ended 30 June 2008	
Opening amount as at 1 January 2008	231,164
Additions	208,026
Fair value changes charged to equity	(32,260)
Closing amount as at 30 June 2008	406,930
Six months ended 30 June 2007	
Opening amount as at 1 January 2007	183,696
Fair value changes charged to equity	15,114
Closing amount as at 30 June 2007	198,810

The available-for-sale financial assets comprise:

	30 June 2008	31 December 2007
Listed securities, at fair value		
Want Want China Holdings Limited (Note)	205,309	–
Unlisted securities, at fair value		
Yantai North Andre Juice Co., Ltd.	88,009	107,552
Heilongjiang Wondersun Dairy Co., Ltd.	109,000	119,000
Others	4,612	4,612
	406,930	231,164

On 29 February 2008, the Company invested HKD235,882,000 (equivalent to approximately RMB212,947,000) to subscribe for 77,842,000 shares of Want Want China Holdings Limited (“Want Want”), one of the leading snack food and beverage manufacturers in the PRC and listed on the Main Board of The Hong Kong Stocks Exchange Limited.

Other than the listed securities which are denominated in HKD, the remaining available-for-sale financial assets are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

8. TRADE AND BILLS RECEIVABLES

	30 June 2008	31 December 2007
Trade receivables from independent third parties	339,182	250,822
Less: provision for impairment	(13,742)	(13,573)
Trade receivables from independent third parties, net	325,440	237,249
Trade receivables from related parties, net (Note 22(b))	1,078	1,837
Bills receivable from independent third parties	450	450
Trade and bills receivables, net	326,968	239,536

The credit terms granted to customers by the Group are usually 60 to 90 days. At 30 June 2008 and 31 December 2007, the ageing analysis of trade receivables is as follows:

	30 June 2008	31 December 2007
Trade receivables, gross		
– 0-90 days	309,053	213,210
– 91-180 days	17,953	27,565
– 181-365 days	8,450	9,518
– Over 1 year	4,804	2,366
	340,260	252,659

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2008	31 December 2007
Prepayments – advance payments to suppliers	166,761	24,612
Prepayments to related parties (Note 22(b))	71,939	5,023
Prepaid and deductible value added tax	39,227	35,513
Prepaid lease, insurance and other operating expenses	20,739	12,189
Deposits	16,286	15,391
Petty cash borrowed by salesmen	3,439	3,098
Amounts due from related parties (Note 22(b))	6,475	14,366
Others	21,911	11,568
	346,777	121,760

10. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets at 30 June 2008 included an investment in an un-listed interest bearing financial product issued by a commercial bank in Hong Kong amounting to USD30 million (equivalent to approximately RMB205,773,000) (31 December 2007: Nil). The financial product which has a maturity period of 6 months, subject to a call option held by the commercial bank which can be exercised upon the expiry of 3 months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

11. SHARE CAPITAL AND PREMIUM

	Number of shares	Issued and fully paid			
		Share capital		Share premium	Total
		HK'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2008	3,526,810,000	35,268	33,370	1,960,248	1,993,618
Proceeds from shares issued – over-allotment option (Note)	72,635,000	726	677	281,732	282,409
At 30 June 2008	3,599,445,000	35,994	34,047	2,241,980	2,276,027
Balance at 1 January 2007 and 30 June 2007	3,000,000,000	30,000	28,385	(28,385)	–

Note:

On 4 January 2008, the over-allotment option referred to in the prospectus of the Company for the global initial public offering dated 17 December 2007 has been partially exercised, accordingly, an aggregate of 72,635,000 shares of the Company, representing 8.2% of the offer shares initially available under the global offering, were issued, net proceed of approximately HKD303,200,000 (equivalent to approximately RMB282,409,000).

Share option scheme

The Company adopted a share option scheme (the “Scheme”) pursuant to a written resolution passed on 23 November 2007. The total number of shares which may be issued under the Scheme must not exceed 352,681,000 shares, representing approximately 10% of the total number of shares issued by the Company as at the 17 December 2007, the listing date of the Company’s shares on the Stock Exchange. The general vesting period for the options granted under the Scheme is limited to 20% at each anniversary of grant date and should be a period to commence not less than one year and not to exceed 10 years from the date of the grant of the option. The Scheme will remain in force until 16 December 2017.

Up to 30 June 2008, no share options have been granted under the Scheme.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

12. TRADE AND BILLS PAYABLES

	30 June 2008	31 December 2007
Trade payables		
– to independent third parties	579,890	437,347
– to related parties (Note 22(b))	19,878	31,316
	599,768	468,663
Bills payable		
– to independent third parties	2,264	2,555
	602,032	471,218

At 30 June 2008 and 31 December 2007, the ageing analysis of the trade payables is as follows:

	30 June 2008	31 December 2007
Trade payables		
– 0 to 180 days	587,408	460,600
– 181 to 365 days	6,590	5,394
– Over 1 year	5,770	2,669
	599,768	468,663

13. OTHER PAYABLES AND ACCRUALS

	30 June 2008	31 December 2007
Advance receipts from customers	70,741	153,039
Accruals for promotion and advertising expense	476,185	382,259
Salary and welfare payables	120,386	119,290
Other taxes and levies payable	55,107	25,079
Quality guarantee deposits from suppliers	58,389	56,208
Payables for purchase of equipment	26,723	31,257
Payables for transportation fee	70,381	41,497
Amounts due to related parties (Note 22(b))	48	100
Accrued share issue expenses	2,000	37,596
Others	71,180	70,335
	951,140	916,660

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

14. BORROWINGS

	30 June 2008	31 December 2007
Current borrowings – bank loans	81,200	296,175

Movements in borrowings are analysed as follows:

Six months ended 30 June 2008

Opening amount as at 1 January 2008	296,175
Proceeds from borrowings	139,543
Repayments of borrowings	(354,518)
Closing amount as at 30 June 2008	81,200

Six months ended 30 June 2007

Opening amount as at 1 January 2007	714,511
Proceeds from borrowings	756,012
Repayments of borrowings	(1,074,278)
Closing amount as at 30 June 2007	396,245

The Group has the following undrawn borrowing facilities:

	30 June 2008	31 December 2007
At floating rate, expiring beyond one year	1,961,127	2,143,201

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

15. OTHER LONG-TERM LIABILITY

Other long-term liability represents the payable for 2008 Beijing Olympic Games sponsorship fee. The sponsorship fee payable was initially recognised at inception of the sponsorship agreement at fair value, which was the present value of the future cash payments and the fair value of products to be provided free of charge, discounted at a rate of 4.97% per annum, which approximated the average bank borrowing rate of the Group.

16. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2008	2007
Raw materials, packaging materials and consumables used	2,568,347	2,356,225
Purchased commodity used	260,011	157,234
Changes in inventories of finished goods	40,984	60,089
Promotion and advertising expenses	618,474	572,845
Employee benefit expenses	451,148	336,320
Transportation expense	244,626	221,879
Amortisation of leasehold land (Note 6)	1,832	1,602
Depreciation of property, plant and equipment (Note 6)	148,662	152,902
Amortisation of intangible assets (Note 6)	27,629	27,503
Travelling expenses	36,140	25,596
Operating lease in respect of land and buildings	28,281	23,218
Property tax and other taxes	8,814	5,971
Reversal of provision for impairment of property, plant and equipment	-	(435)
Write-down/(reversal of write-down) of inventories to net realisable value	530	(1,790)
Provision/(reversal of provision) for impairment of trade receivables	377	(1,806)
Machinery maintenance expenses	54,893	42,554
Water and electricity expenses	48,738	49,324
Manufacture outsourcing expenses	67,304	64,126
Others	62,492	73,900
Total	4,669,282	4,167,257

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

17. FINANCE COSTS-NET

	Six months ended 30 June	
	2008	2007
Interest expenses on borrowings		
– Bank borrowings	4,927	19,073
Net foreign exchange losses/(gains)	127,827	(5,663)
Finance costs	132,754	13,410
Finance income – interest income on cash and cash equivalent	(41,934)	(8,634)
Finance costs-net	90,820	4,776

Most of the Group entities' functional currency is RMB since majority of the revenues of these entities are derived from operations in Mainland China. Foreign exchange risk arises when the recognised assets, such as cash and cash equivalent, including the proceeds from the global initial public offering, and other current financial assets (Note 10) are denominated in Hong Kong dollar, United States dollar and other foreign currencies. During the six months ended 30 June 2008, the foreign exchange losses mainly arise from the cash and cash equivalent and other current financial assets denominated in currencies other than RMB.

18. INCOME TAXES

	Six months ended 30 June	
	2008	2007
Current income tax		
– Mainland China enterprise income tax ("EIT")	81,089	60,525
Deferred income tax	(10,072)	(31,685)
	71,017	28,840

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for 2008 is 17% (2007: 10%). This increase is mainly due to the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which took effective from 1 January 2008. According to the new CIT Law, the EIT for both domestic and foreign investment enterprises should be unified at 25% effective from 1 January 2008, and during a transitional period, enterprises that are currently enjoying qualified preferential tax treatments granted by relevant tax authorities can continue to enjoy the lower EIT rate and gradually transfer to the new EIT rate within five years after the effective date of the new CIT Law.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

19. EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2008	2007
Profit attributable to the equity holders of the Company	212,176	260,111
Weighted average number of ordinary shares in issue (thousands)	3,595,055	3,000,000
Basic earnings per share (RMB per share)	5.90 cents	8.67 cents

In determining the weighted average number of shares in issue for the six months ended 30 June 2007, a total of 3,000,000,000 shares issued at the incorporation of the Company are deemed to have been issued since 1 January 2007.

Diluted earnings per share are the same as basic earnings per share as there are no diluted ordinary shares.

20. DIVIDENDS

The directors do not recommend an interim dividend in respect of the six months ended 30 June 2008 (2007: Nil).

21. CONTINGENT LIABILITIES

	30 June 2008	31 December 2007
Guarantees to related parties	251,305	150,270

As at 30 June 2008, the Group provides guarantees for the bank borrowings and finance leases of Jinmailang Beverage (Beijing) Co., Ltd. (今麥郎(北京)有限公司), a 50% owned jointly controlled entity of the Group, amounting to approximately RMB 251 million (31 December 2007: approximately RMB 150 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

22. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The ultimate parent company of the Group is Uni-President. The directors of the Company are of the view that the subsidiaries of Uni-President and the jointly controlled entities of the Group are regarded as related parties.

(a) Transactions with related parties

Save as disclosed elsewhere in this condensed consolidated interim financial information, the following transactions are carried out with related parties:

	Note	Six months ended 30 June	
		2008	2007
Sales of goods:	(i)		
Subsidiaries of Uni-President		9,697	7,651
Jointly controlled entities of the Group		2,271	23
		11,968	7,674
Purchase of raw materials and finished goods:	(i)		
Subsidiaries of Uni-President		200,545	239,320
Jointly controlled entities of the Group		17,026	–
		217,571	239,320
Consultation service income:	(ii)		
Subsidiaries of Uni-President		190	247
Jointly controlled entities of the Group		392	–
		582	247
Interest income on loans lent to related parties:	(iii)		
Subsidiaries of Uni-President		–	2,569

Notes:

- (i) The above sales and purchases are carried out in accordance with the terms of the underlying agreements.
- (ii) Consulting service income from related parties represents management consulting services, IT system maintenance support and staff training service and is charged in accordance with the terms of agreement made between the parties.
- (iii) Interest income is charged to related parties in accordance with the terms of agreement made between the parties, which are determined by reference to the prevailing market rates of borrowings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

22. RELATED PARTY TRANSACTIONS – CONTINUED

(b) Balances with related parties

The Group has the following significant balances with its related parties as at 30 June 2008:

	30 June 2008	31 December 2007
Balances due from related parties:		
Trade receivables (Note 8):		
Subsidiaries of Uni-President	1,078	1,837
Prepayments (Note 9):		
Subsidiaries of Uni-President	33,228	5,023
A jointly controlled entity of the Group	38,711	–
Subtotal	71,939	5,023
Other receivables (Note 9):		
Subsidiaries of Uni-President	4,594	14,366
Jointly controlled entities of the Group	1,881	–
Subtotal	6,475	14,366
Total	79,492	21,226
Balances due to related parties:		
Trade payables (Note 12):		
Subsidiaries of Uni-President	19,878	30,689
Jointly controlled entities of the Group	–	627
Subtotal	19,878	31,316
Other payables and accruals (Note 13):		
Subsidiaries of Uni-President	48	100
Total	19,926	31,416

The above balances due from and due to related parties are unsecured, non-interest bearing and have no fixed repayment terms. The carrying amounts of balances due from and due to related parties approximate their fair value as at the balance sheets dates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in thousands of Renminbi unless otherwise stated)

22. RELATED PARTY TRANSACTIONS – CONTINUED

(c) Key management compensation:

	Six months ended 30 June	
	2008	2007
Salaries, bonus and other welfares	4,149	2,784

23. INVESTMENT COMMITMENT

In June 2008, Zhengzhou President Enterprises Co., Ltd. ("Zhengzhou President") and Chengdu President Enterprises Food Co., Ltd. ("Chengdu President"), wholly-owned subsidiaries of the Company, entered into a Sino-foreign co-operative joint venture agreement (the "Joint Venture Agreement") with Greater China F&B Capital Partners Ltd. Greater China F&B (Hong Kong) Private Limited and an independent third party. Pursuant to the Joint Venture Agreement, the parties agreed to establish a Sino-foreign co-operative joint venture in the PRC, which shall be named as China F&B Venture Investments (華穗食品創業投資企業). Pursuant to the Joint Venture Agreement, Zhengzhou President and Chengdu President agreed to subscribe, in aggregate, 39.74% of the total registered capital of China F&B Venture Investments at a total subscription price of RMB245,000,000. Up to the date of approval of this condensed consolidated interim financial information, China F&B Venture Investments has not been established, pending for the approval of the relevant PRC regulatory authorities.

* The English name represents the best effort by management of the Company in translating the Chinese name.

24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 11 July 2008, the board of directors of Zhengzhou President approved a capital injection of RMB 71.3 million to be made to Jinmailang JV. The other equity holder of Jinmailang JV will contribute the same amount. After the capital injection, the Group continues to hold 50% equity interests in Jinmailang JV.



UNI-PRESIDENT CHINA HOLDINGS LTD.
統一企業中國控股有限公司*

(a company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

(Stock Code 股份編號: 220)