UNI-PRESIDENT CHINA HOLDINGS LTD.
统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)

2009 年報
ANNUAL REPORT

*For identification purpose only
僅供識別

Contents

Corporate Information

Share Listing
The Stock Exchange of Hong Kong Limited
(Stock Code: 220)

Registered office
P.O. Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

Head office
No. 131, Linhong Road.
Shanghai Hongqiao Linkong Economic Zone
Changning District
Shanghai
China

Place of business in Hong Kong
Unit 703A, 7/F., Golden Centre
188 Des Voeux Road Central
Hong Kong

Website address
www.upch.com.cn

Company secretary
Ngai Wai Fung

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

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
Industrial and Commercial Bank of China
China Construction Bank
China Merchants Bank

Auditor
PricewaterhouseCoopers
Certified Public Accountants

Hong Kong Legal Advisers
Freshfields Bruckhaus Deringer
11/F., Two Exchange Square
Central
Hong Kong

Principal share registrar and transfer office
Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman
KY1-1107
Cayman Islands

Hong Kong branch share registrar and transfer office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Summary of Results

	Year ended 31 December				
	2009 RMB'000	2008 RMB'000	2007 RMB'000	2006 RMB'000	2005 RMB'000
Revenue	**9,108,610**	9,241,571	8,656,777	7,883,692	6,537,450
Gross profit	**3,616,667**	3,155,718	2,914,680	2,327,940	2,154,221
Profit before income tax	**896,471**	442,148	484,466	175,546	279,362
Income tax expense	**(191,589)**	(98,307)	(60,461)	(29,476)	(24,907)
Profit for the year	**704,882**	343,841	424,005	146,070	254,455
Profit attributable to equity holders of the Company	**704,882**	343,841	424,005	146,070	254,455
Dividends	**352,458**	171,909	–	–	27,692
	RMB cents	RMB cents	RMB cents	RMB cents	RMB cents
Basic earnings per share	**19.58**	9.56	14.04	4.87	8.48

	As at 31 December				
	2009 RMB'000	2008 RMB'000	2007 RMB'000	2006 RMB'000	2005 RMB'000
Total assets	**8,153,803**	7,124,981	6,955,079	4,606,570	4,495,351
Total liabilities	**1,699,977**	1,382,439	1,770,252	2,074,340	1,972,994
Total equity	**6,453,826**	5,742,542	5,184,827	2,532,230	2,522,357
Cash and cash equivalents	**3,359,788**	3,272,859	3,411,868	841,123	683,149
Net current assets/(liabilities)	**2,812,972**	2,825,641	2,585,485	(177,691)	221,380

Amid the global financial tsunami in 2009, the Chinese government has demonstrated its great courage, as well as a magnificant and generous manner, by investing RMB4 trillion in domestic infrastructure construction and the expansion of domestic demand. It has stimulated private investment and realized the target of an 8.7% GDP growth in 2009, while sustained a stable economic growth. Looking into 2010, China's economy will show a vigorous drive and continue to grow at a steady pace.

Uni-President China Holdings Limited ("Uni-President China Holdings" or the "Company", together with its subsidiaries, the "Group") has made a concerted effort to improve the product mix, strengthen human resources training and initiate a consolidation at the basic sale channel. In 2009, the Group recorded revenue of RMB9,108.6 million. During the year under review, gross profit increased by 14.6% to RMB3,616.7 million and gross profit margin rose to 39.7% from 34.1% of the previous year. The overall profit increased by 105.0% compared with last year, and reached RMB704.9 million. These results proved once again that the management team of Uni-President China Holdings has consistently adhered to its steady operation policy, demonstrating its ability of tackling the crisis and overcoming the challenge. We will continue to focus on further developing our core business of food products and expanding our business in China in an optimistic and yet prudent approach.

Uni-President China Holdings has enjoyed a sound financial condition, well-defined core competitive advantages and proven management capabilities. During the year of 2009, we continued to implement the policy of further developing the market, improving the product mix, optimizing the human resources, strengthening the management capability and enhancing the competitiveness as a whole. Details are summarized as follows:

Optimizing the organizational and operational model and further developing the market

In 2009, based on our original provincial management model, we have further re-divided our nationwide operation into a greater number of smaller regional sales units according to several criteria, such as population, GDP and income per capita of each province. Due to the differences of each market, the sales units were then further divided for the sake of appropriate planning of the sales organization and the structure of channels, developing specialty products, enhancing competitiveness and capturing a better market share according to the characteristics of each local market.

Centralization of resources for focused development

Signature products of the Group have been selected as the focus of developing economies of scale. The "1 plus 1" program for instant noodles, for example, was launched and marketing resources were effectively applied on one nationwide major promoting product, accompanied with one regional product addressing the local taste. Thus, resources were able to centralize to promote highly competitive products with the advantage of economies of scale.

A phased plan is necessary to strive for a nationwide leading position in a comprehensive way in a big country like China. We chose to implement the strategic layout of creating a regional advantage so as to adapt to local conditions. Competitive municipal sales bases were built up first to form regions with dominance, differentiating us from our competitors. With these as the bases of expanding into surrounding regions, the influence of the products was extended to neighbouring cities and towns. The products were then widely distributed to the surrounding villages and towns. Chinese cities with the population of over one million have been included into the list for key long-term development so as to deliver the effects of centralization of resources.

Expansion of the layout of our core business and strengthen our market position and scale

In 2009, we continued the development strategy of shifting instant noodle products to the mid and high end market. In respect of the product mix adjustment initiated since the second half of 2008, about 100 competitive key products in line with the development strategy have been selected from a total of approximately 260 product items for the purpose of focused operation. Since 2009, this policy, accompanying with the 1+1 program, has delivered remarkable results. The revenue in the second half of 2009 increased by 22.6% compared with the same period in the previous year. Annual gross margin increased significantly from 21.6% of 2008 to 29.6%. The product mix of instant noodles has been improved tremendously after the item screening adjustment. In 2010, the Group will continue to invest in branding with a view to improve its results further and develop in the expected direction.

In connection with beverage products, under the strategy of sustaining superior quality, new products were introduced in a timely manner in the second half of 2009 to cater consumers' preference to new products and tastes. Also, the Group has successfully launched new products, including iced jasmine tea and Assam milk tea, in the second half of the year for different groups of customers. Although some products are still under small-scale market tests in different regions or key cities, they will be marketed throughout China under phased planning in the future.

In 2009, the beverage sector recorded total revenue of RMB6,926.9 million. Gross profit margin rose from 38.4% in the previous year to 42.9%. Due to the fall of costs of raw materials, market competition has been more intense and manufacturers have enhanced marketing efforts accordingly. The revenue of tea and fruit juices has been affected in the first half of the year. After prompt adjustments to the strategy in response to the market, the earnings of ready-to-drink tea achieved a double-digit growth in the second half of the year. In respect of fruit juice beverage, recoveries have been seen in the sales of many areas in the second half of the year. The multi-item sales and display of the "More" brand of orange juice accompanied by grape juice and peach juice have helped to meet the demand trends of diversified tastes of consumers.

Active expansion of the production capacity in China and the construction of headquarters building in China

The Group has initiated a substantial expanding investment plan in the second half of the year, with a focus on the expansion of production capacity of beverage products, which includes the expansion of production lines in existing plants, the replacement of less-efficient and old production lines and the establishment of new plants in sales regions where supply gaps exist. Capital expenditure amounted to RMB578.5 million.

We expect that, due to the continuous expansion of the Chinese market, the production capacity controlled by the Group will be enhanced after the new factories and production lines are put into operation in due course, and will be able to response more quickly to the sales demand of the local areas. We will establish a closer cooperation relationship with our OEM partners. More production bases with increased flexibilities will be set up across the country.

Safeguarding food safety and the establishment of a modern safety inspection mechanism

In 2008, despite the reported melamine incident, Uni-President China Holdings adhered to the business philosophy of placing utmost importance on product quality and safety and implemented the idea in its daily safety management, as well as the inspection of the inflow and outflow of goods. In the food safety crisis, the Group was able to sustain the image as a manufacturer of high quality, safe and reliable products.

In the end of 2009, the Hainan Industry and Commerce Administration announced the level of sulphur dioxide of the Group's peach juice products under the "More" brand exceeded the stipulated limit according to tests not in compliance with standard procedures, which was in violation of its administrative functions and powers. Afterwards, the administrative authority remedied the said announcement in accordance with the law, and the media also published clarifying reports for Uni-President China Holdings.

This has reflected the implementation and efforts put in by the Group in respect of quality control and food safety. Also, it has demonstrated the sound crisis management mechanism amid the food crisis, which enabled the Group to communication with the government, the media and consumers effectively and quickly.

Staff training and development of management team

The Group has in place a comprehensive range of training courses designed for staff from basic rankings up to the corporate management levels, providing preliminary and promotional on-the-job training in a systematic way to assist our staff to perform their best in their positions and contribute to our performance.

In order to ensure the management team is able to provide new and creative ideas, in addition to in-house training and internal promotion, experienced talents from the market were hired for the management at all levels to speed up the growth of the organization.

Vision for the future

The growth momentum of China will continue to unroll in 2010. Uni-President China Holdings will adhere to its established business philosophy: "to provide safe, healthy and enjoyable products for consumers and to maximize shareholders' value".

In 2010, we expect to face two major challenges. The first one is the global climate anomalies, which affects various aspects from production, transportation to sales. It will pose tests on our abilities in planning and flexible operation. The second one is the rising prices of oil and raw materials, which is also a test on our ability in pricing. Our team will be prepared for challenges in a prudent approach to achieve even better results.

Leveraging on our core techniques, we will continue to launch more prime products in 2010 to meet consumers' demand for goods with higher quality. We will sustain our sound operations in financial aspects and focus on investing in our own core business. We will continue to further strengthen the basic sales channel, enhance the operational capacity of the second and third-tier markets, enlarge the market share and improve the profitability of beverage products and secure regional advantages of instant noodles so as to deliver better results with concerted efforts of all staff.

Acknowledgement

Thanks to the support and efforts of all parties, the Company has been able to attain a sustainable growth. On behalf of the board of directors, I would like to express our sincere thanks for the continuous support from our customers, suppliers, business partners and shareholders, and in particular, I would like to express our gratitude to our staff for their efforts and contributions over 2009.

Lo Chih-Hsien
Chairman
23 April 2010

Economic Environment

In 2009, the total retail sales of consumer goods in mainland China was RMB12,534.3 billion, representing a year on year growth of 15.5%, the total retail sales of consumer goods in cities was RMB8,513.3 billion, representing an increase of 15.5% and the total retail sales of consumer goods at county level and below was RMB4,021.0 billion, representing a growth of 15.7%. Amid the hard hit of the global financial tsunami, the Chinese government launched a series of measures to rescue the economy, and effectively eliminated the instability factor within the country, contributing to a stable and upward expansion of the economy.

The implementation of the Food Safety Law of the PRC on 1 June 2009 has demonstrated the importance attached to food safety management by the PRC. While protecting the safety of the consumers, the government at the same time pays more emphasis on the entire quality management of food source and enterprises, and set new standards for the food industry.

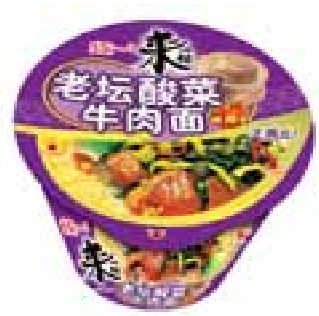
Business Review

Uni-President China Holdings recorded revenue of RMB9,108.6 million in 2009. We adjusted the structure and the production efficiency of our products via continuous corporate restructuring. The gross profit margin rose to 39.7% from 34.1% in 2008, representing an increase of 5.6%. Post-tax net profit rose to RMB704.9 million from RMB343.8 million in 2008, representing a growth of 105.0%. The business performances of the Group's main operations are as follows:

Financial Results

For the year ended 31 December 2009 ("the year under review"), the Group recorded revenue of RMB9,108.6 million, representing a decrease of 1.4% from RMB9,241.6 million for last year. Revenue from our instant noodles and beverages products amounted to RMB2,120.5 million and RMB6,926.9 million respectively, accounting for 23.3% and 76.0% respectively of the Group's total revenue. During the year under review, gross profit increased by 14.6% to RMB3,616.7 million and gross profit margin rose to 39.7% from 34.1% of last year, representing an increase of 5.6%. Despite the decrease in revenue, the gross profit margin increased considerably due to a decrease in the price of raw materials and the adjustment on the product sales mix, which has off-set the impact of the decrease in overall revenue. Profit attributable to equity holders of the Company amounted to RMB704.9 million, representing a significant increase of 105.0% from RMB343.8 million for last year. During the year under review, earnings per share were RMB19.58 cents (2008: RMB9.56 cents). As the Group actively strengthened the marketing of its products to expand its customer base and deepened market development, selling and marketing expenses increased to RMB2,581.2 million for the year under review (2008: RMB2,277.8 million). Administrative expenses decreased 16.8% to RMB346.1 million (2008: RMB416.2 million), which was mainly attributable to the fact that the loss provision for the two sugar supply contracts entered into with Guangdong Zhong Gu Tang Ye Group Company Limited (please refer to the announcement of the Company dated 23 January 2009 for details) were both completed in 2008. As a considerable amount of deposits in foreign currency held by the Group were converted into Renminbi and the exchange losses decreased, net finance income significantly increased to RMB47.0 million during the year (2008: net finance costs RMB76.7 million). In addition, share of earnings of jointly controlled entities substantially increased to RMB84.4 million (2008: losses of RMB0.7 million) due to the substantial increase in earnings of the Jinmailang Beverage (Beijing) Co., Ltd. during the year.

Instant Noodles

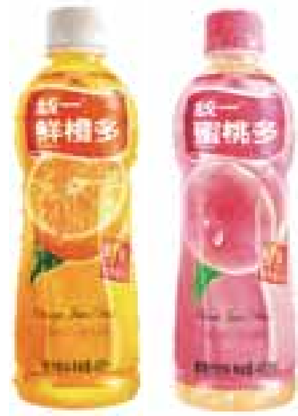


The instant noodles of the Group recorded revenue of RMB2,120.5 million and a gross profit of 29.6%. Since the second half of 2008, Uni-President China Holdings has conducted a comprehensive strategic adjustment in the instant noodles business to optimize its product structure, focusing on the mid to high end noodles market that contributes high gross profit and high return. In 2009, the Group continued to focus on their competitive products and more marketing resources were put to develop key flavours and key operating regions. After a year of adjustment, the instant noodles business achieved satisfactory result in the second half of 2009. Revenue increased by 22.6% compared with the same period last year. Also, benefiting from the product restructuring, the Group's gross margin increased 8.0 percent compared with last year. The Group's affordability against price fluctuations of raw materials has been enhanced.

The 1+1 program focusing on developing key flavours has delivered sound performance. "Lao Tan Pickled Cabbage and Beef (flavour) Noodles (老壇酸菜牛肉(味)麵)", a nationwide key flavour, has become the key flavour in the brewing instant noodles of the Group. Apart from the upgrading of the existing flavours, the research and market development unit of the Group has also spared no effort in new flavours of instant noodles, so as to meet the consumer demand of continuous enhancement in terms of taste and quality. In 2009, a series of regional new flavours have been successfully launched, including Shredded Pork with Pickled Cabbage noodles (雪菜肉絲麵) for eastern China region, and Fried Meat in Village Style (農家小炒肉) for central China region, all of which have enhanced the development of local speciality flavours in regional markets.

Looking ahead into 2010, we will continue to further the operation policy of 2009, refine operation process, enhance management efficiency and strengthen interaction with customers of different segments. We will also continue to meet consumers' demand for high quality with our core techniques and build the image of being a leader in quality.

Juice Drinks

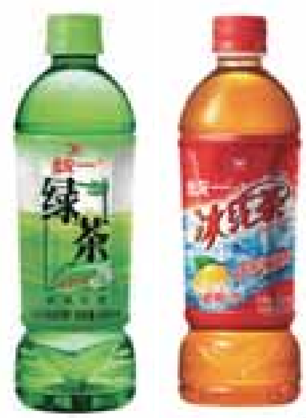


In order to elevate the brand reputation in colleges, during the first half of 2009, the campus marketing campaign "2009 漂亮行動橙就夢想－統一鮮「橙」多校園經營實戰大賽" was kicked off and held extensively in 197 colleges in nine provinces nationwide to provide opportunities for university students to acquire practical knowledge and experience in business operations in a time of a financial crisis before they start working and, at the same time, to allow penetration of our brand appeal and product experience of United "More" brand orange juice (統一鮮橙多) into colleges.

In view of the market change of recent years, although the orange taste is still the mainstream, consumers' preference for other flovours has clearly increased. Under the low-concentrated juice category, sales of orange juice decreased by 12.5% compared with that of the previous year, while sales of lemon juice increased by 7.4% and the mixed tastes increased by 4.4% (Source from: ACNielsen). In response to the change of consumers' preferences, starting from the second half of 2009 onwards, in addition to the optimization and upgrading of the existing "More" brand orange juice (鮮橙多), the Group has launched the sales of multi-flavours products in a matched manner, increasing the sales proportion of other flavours. Under the operation of diversifying flavours and the diversified adjustment policy, the pilot sales and promotion of two types of complex pulp juice with 37.0% juice content – (果漾) were launched in specified cities in the second half of the year, so as to reinforce the market share.

Looking forward into 2010, our juice drinks operation will optimize its product mix and continue the diversification policy, promoting the development of the three main operations which include dilution juice, mid-high concentrated juice and 100% concentrated juice, providing consumers with better juice drinks with diversified tastes.

Tea Drinks



The revenue from tea drinks increased by 5.7% compared with last year. The growth momentum mainly came from the significant increase of the sales of the Unified Ice Tea in some disadvantaged regions and the successful introduction of the new product, United Green Tea – Ice Jasmine (統一綠茶冰醇茉莉).

For the world financial turmoil and the impact resulted from the significant drop of raw materials cost in the first quarter, tea drinks business encountered an exceptionally vigorous price competition in 2009. Various manufacturers paid more efforts to launch different kinds of promotions. The Group also launched promotional activities "再來一瓶" with a focus on the key channels in key areas. The Group also continue to increase its investment in national and local television as well as network media. Interaction with consumers were thus strengthened and the operation in disadvantaged regions was successfully turned around. In the second half of the year, Ice Jasmine (冰醇茉莉), the new product of United Green Tea (統一綠茶) targeting at young consumers group, has been successfully launched in several specifically appointed cities. This has strengthened our grasp on teenage consumer market, which will help to enhance the business.

Looking into 2010, Unitied tea drinks will formulate a more flexible business strategy and a city-based focused operation in terms of sales channel and product operation, targeting different markets. We will continue to enhance the brand value and further increase our market share.

The Group also operates other drinks business including ready-to-drink coffee and milk tea, as well as bottled water. Marketing and promotional programs are also planned for the above businesses. Moreover, the Group has gradually developed new products for the market such as Assam milk tea (阿薩姆奶茶), Ice coffee (冰咖啡) and bottled mineral water from the Guangxi Bama longevity village (廣西巴馬長壽村之礦泉水).

Business Unit

The sales platform construction of 2009 was as follows:

I. Strengthening of customer management system

The customer data cards were implemented so as to strengthen the basic functions of the sales channel end such as techniques in product distribution, quality of display, market inventory and control sales rotation, and to enhance the market visibility and product freshness.

II. Effectuation of market information

Optimization and digitizing of market information. Besides providing accuracy for sales units, it also provided decision basis for other related departments.

III. Comprehensive display seizure

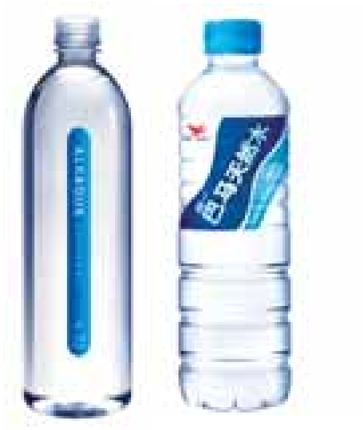
To ensure the effectiveness and continuity of the decisive sales-end, a cross nationwide "display contingent force" was established. Besides assisting disadvantaged regions to recapture market competitiveness, it also nurtured seed troops with real experience in various provinces across the country.

IV. Optimization of distributor system

By strengthening the interaction and communication with distributors, the centripetal force and loyalty of the distributors are thus strengthened and the function of distributors is enhanced.

In 2010, the Group will continue to enhance the breadth and depth of the above platforms, and continue to develop new sales channels. The operation of the sales channels will be further improved for a rapid increase of market share.

Research and Development and Quality Control



The research and development centre of Uni-President China Holdings has been aimed at developing delicious and healthy products, strengthening the quality control for the Group, establishing industry leading technology, and continuing to satisfy customers' needs. The work in 2009 was mainly related to the following aspects:

Development of new product

Adhering to the principle of "developing delicious products that meet the market and meet consumers' need", the Group has successfully developed and launched a series of instant noodles products with regional features and a number of new drinks products in 2009 based on substantial market research and consumer taste tests.

Quality optimization of existing products

In 2009, in respect of existing launched products, in accordance with the market changes and consumers' need, we continue to optimize the product quality with a focus on various important parts including the enhancement of the taste of juices of juice products, the in-depth research of the raw materials of the coffee products, the research in stability of soymilk products, research of the flavour package and special features of instant noodles. The taste and quality of our products were optimized comprehensively, in respect of its formula, raw materials, techniques, packaging, and sales channels, so as to enhance consumers' satisfaction of our products. In 2010, we will continually focus on optimizing flavours and enhancing the quality control indicator for main raw materials and related works in various systems including that of instant noodles, diary drinks, leisure pastries and refrigeration, so as to ensure our consumers can enjoy the prime, safe and delicious food (and drinks) at any time.

Assurance of product quality:

– The 13 subordinate instant noodles, beverage production enterprises of the Group maintain the ISO9001 international quality management system and HACCP food safety and management certification.

– The Group continued to strengthen the qualification review of suppliers, and will conduct assessment and provide guidance to the cooperated suppliers. Quarterly statistical analysis and evaluation were conducted in regards to the quality of the supplied products. On site assessment and raw materials quality assessment were also conducted so as to ensure the quality and safety use of the raw materials.

– Strengthening quality control on national products:

– In 2009, products produced by the plants each month are selected monthly to conduct sensory and quality supervision so as to monitor the conditions of the product quality in a timely manner. Sampling inspection was constantly conducted on the quality of the water for blending beverage.

- In 2009, random samplings were constantly conducted on products across the markets of the country for inspection, review and analysis and other processes, so as to understand the quality of the products of the Group in market and improvements were made in aspects including formula, techniques and management in order to ensure the quality of the products in the market are up to the standards and to enhance the control on the quality of the product after sale.

Laboratory with national accrediation: Since 2005, the laboratory of Uni-President China Holdings has passed the review conducted by China National Accreditation Service for Conformity Assessment (CNAS). Its testing capability meets the international standards in testing pesticide residues, preservatives, artificial colorants and artificial pigment bromate for food safety, and in analyzing heavy metal residues, amino acids, grease stability and food content of the products. The validity of our test reports are recognized by over 44 major economies, countries and regions. In order to enhance the environment and equipment of the food testing laboratory, the Group has equipped the Shanghai Headquarters in Linkong Economic Zone with new equipment and new labs, for the detection and monitoring of the 17 types of illegal food additives newly published by PRC and more relevant projects.

The PRC Government promulgated the “Food Safety Law” on 1 June 2009. The Group clearly understands the structure of the relevant food safety organization and the tasks, and has begun the launching of the tasks. In 2010, we will uphold our duties, continue to provide professional, authoritative testing services, to ensure that our consumers can enjoy safe products with leading quality produced by the Group.

Internal control

The audit unit of the Uni-President China Holdings subordinated to the Board enhanced the self-inspection mechanism in accordance with the management needs of the Company and conducted effective risk monitoring and improve workflow to each of the organizations of the Group to ensure the efficiency and performance of internal control.

Financial Position

As at 31 December 2009, the Group had approximately RMB3,359.8 million (2008: approximately RMB3,272.9 million) cash and cash equivalents. Current assets amounted to approximately RMB4,492.6 million (2008: approximately RMB4,202.1 million) and current liabilities were approximately RMB1,679.6 million (2008: approximately RMB1,376.5 million). Contingent liabilities were approximately RMB206.8 million (2008: approximately RMB246.7 million). With net current assets of approximately RMB2,813.0 million (2008: approximately RMB2,825.6 million), the Group maintained strong liquidity. The Group has no bank borrowings as of 31 December 2009 (Bank borrowings of 2008: approximately RMB8.6 million, all of which were repayable within one year).

The gearing ratios at 31 December of 2009 and 2008 were as follows:

	2009	2008
	RMB'000	RMB'000
Total borrowings	**1,649,187**	1,348,389
Less: cash and cash equivalents	**(3,359,788)**	(3,272,859)
Net debt	**(1,710,601)**	(1,924,470)
Total equity	**6,453,826**	5,742,542
Total capital	**4,743,225**	3,818,072
Gearing ratio (negative)	**(36.06%)**	(50.40%)

(*Note:* Total borrowings include borrowings, trade and bill payables, other payables and accruals and other long-term liabilities, as shown in the consolidated balance sheet. Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt.)

Treasury Policy

The Group has consistently exercised its principles of financial prudence, which played an instrumental part against the backdrop of the current global financial tsunami. Notwithstanding that the business growth was slightly lower than expected during the year under review as a result of the domestic economic slowdown at the beginning of 2009 and the product mix adjustment of the Group, the Group continued to enjoy a strong financial standing 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 funds raised through the initial public offering in 2007. The borrowings of the Group were used by its subsidiaries and were interest-bearing loans. In light of the potential currency risks, the Group had converted large amount of bank deposits denominated in foreign currencies into Renminbi during the year.

Human Resources and Remuneration Policy

As at 31 December 2009, the Group had 20,499 employees. The Group enters into individual labour contracts with all of its employees, stipulating remuneration, statutory subsidies, employee benefits, workplace safety and hygienic conditions, confidentiality obligations and termination conditions. The Group has invested in continuing education and training programs so as to enhance the skill and profession of the management staff and other employees constantly. We arrange internal and external on-the-job training for our employees. The scope of training programmes ranges from basic production procedures to advanced skills training and professional development courses for the managers.

In accordance with the relevant social insurance laws in the PRC and regulations of local government, we insure for pension insurance, medical insurance, unemployment insurance and housing reserve fund for employees. To take care of our staff's living risk adequately, in addition to the above, we insure for employer responsibilities and subsidize employees' additional medical insurance covering out patient and hospitalization.

The subsidiaries of the Group has its labour union in accordance with the regulations. The labour union is responsible for organizing recreational activities, improving living quality of employees, organizing meetings for the communication and feedback of the employees which create economic value directly and indirectly for the Company and establish a harmonious labour relation.

Report of the Directors

The board of directors of the Company (the "Board") is pleased to present its report together with the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009.

Principal activities

The Company is an investment holding company. The principal activities of the Group comprise the manufacturing and sales of beverages and instant noodles in the PRC. The principal activities of the subsidiaries are set out in Note 39 to the financial statements.

An analysis of the Group's performance for the year by business segments is set out in Note 5 to the financial statements.

Results

The results of the Group for the year are set out in the consolidated income statement on page 42 of the annual report.

Dividends

The Board recommends the payment of a final dividend of RMB5.875 cents per share and a special dividend of RMB3.917 cents per share for the financial year ended 31 December 2009. Details are set out in Note 34 to the financial statements.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 7 to the financial statements.

Share capital

Details of the share capital of the Company are set out in Note 19 to the financial statements.

Reserves

Movements in the reserves of the Group during the year are set out in Note 20 to the financial statements.

Distributable reserves

As at 31 December 2009, the Company's distributable reserves calculated under Companies Law of the Cayman Islands comprise the share premium, contributed surplus and retained earnings totalling approximately RMB4,328,203,000.

Five year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of the annual report.

Short-term loans

Particulars of the short-term loans of the Group are set out in Note 25 to the financial statements.

Donations

Charitable and other donations made by the Group during the year amounted to approximately RMB3 million (2008:RMB19 million).

Directors

The directors of the Company during the year were:

Executive Directors

Lo Chih-Hsien *(Chairman)*
Lin Wu-Chung *(President)*

Non-executive Directors

Kao Chin-Yen
Lin Chang-Sheng
Lin Lung-Yi
Su Tsung-Ming

Independent Non-executive Directors

Chen Sun-Te
Fan Ren-Da, Anthony
Hwang Jenn-Tai
Yang Ing-Wuu
Lo Peter

In accordance with Article 130 of the articles of association of the Company, Mr. Lin Wu-Chung, Mr. Lin Lung-Yi, Mr. Su Tsung-Ming and Mr. Hwang Jenn-Tai will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The biographies of the Directors are set out on pages 25 to 28 of the annual report.

None of the directors who are being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

As at 31 December 2009, the interests and short positions of the directors and chief executives 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 Securities and Futures Ordinance (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") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in the shares of associated corporations

	Number of shares				
Name of corporation and name of its relevant shareholder	**Personal Interest**	**Interest of child under 18 or spouse**	**Corporate Interest**	**Total**	**Percentage of shareholding as at 31 December 2009**
Uni-President Enterprises Corporation					
Kao Chin-Yen	88,229	209,428	–	297,657	0.01%
Lin Chang-Sheng	34,515,134	2,403,327	–	36,918,461	0.95%
Lin Lung-Yi	1,278,470	1,019,089	–	2,297,559	0.06%
Lo Chih-Hsien	2,903,847	63,671,902	–	66,575,749	1.71%
Lin Wu-Chung	756	–	–	756	0.00%

Save as disclosed above, as at 31 December 2009, 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.

Directors' rights to acquire shares or debentures

At no time during the year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company or their respective associates (as defined under the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in contracts and service contracts

Each of the directors of the Company has entered into a service contract with the Company for a term of three years and may be re-elected upon expiry of their term. Such service contracts which are going to expire this year will be renewed in accordance with the Listing Rules and the articles of association of the Company.

Except for the service contracts with the Company, during the year ended 31 December 2009, no other contracts of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

As at the date of the annual report, none of the directors of the Company and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

Substantial shareholders' interests and short position

As at 31 December 2009, the register of substantial shareholders maintained by the Company pursuant to section 336 of the 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%
T. Rowe Price Associates, Inc. and its affiliates	Investment manager	179,996,000	5.00%

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 31 December 2009, 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.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Connected transactions

Uni-President Enterprises Corporation ("Uni-President") is the holding company of Cayman President Holdings Ltd. ("Cayman President") which in turn is a substantial shareholder of the Company. As Cayman President is a connected person of the Company and Uni-President is an associate of Cayman President, Uni-President is also a connected person of the Company.

Details of the continuing connected transactions entered into by the Group with Uni-President and its associates during the year and which are not exempt under Rule 14A.33 of the Listing Rules are set out below:

Framework services agreement

On 23 November 2007, the Company and Uni-President entered into a framework services agreement pursuant to which Uni-President (either by itself or through its other subsidiaries) agreed to provide to the Company ERP system consultancy services and technical support services. The pricing basis is at Uni-President's actual employment cost of the personnel providing the service plus other disbursements and other expenses incurred. The consideration for these services is determined on arm's length basis and no more favourable than that charged by independent third parties.

The framework services agreement has expired on 31 December 2009.

Framework sales agreement

On 23 November 2007, the Company entered into a framework sales agreement with Uni-President pursuant to which the Company agreed to sell beverage and instant noodle products and bakery products to Uni-President and its subsidiaries (excluding the Company and its subsidiaries) (the "Uni-President Group") and its associates at prices no less than the market price at which the Company sell to independent third parties (the "2007 Framework Sales Agreement").

The 2007 Framework Sales Agreement has expired on 31 December 2009. On 13 November 2009, the Company entered into a new framework sales agreement with Uni-President for a term of three years commencing from 1 January 2010 and expiring on 31 December 2012 on substantially the same terms as the 2007 Framework Sales Agreement pursuant to which the Company agrees to sell and procure sale of, on a non-exclusive basis, certain beverage and instant noodle products and bakery products to Uni-President Group and its associates (the "New Framework Sales Agreement").

Framework purchase agreement

On 23 November 2007, the Company entered into a framework purchase agreement with Uni-President pursuant to which the Company agreed to purchase raw materials and other ingredients from Uni-President Group and its associates (the "2007 Framework Purchase Agreement"). Under the 2007 Framework Purchase Agreement, the price of the materials supplied to the Company must not exceed market price.

The 2007 Framework Purchase Agreement has expired on 31 December 2009. On 13 November 2009, the Company entered into a new framework purchase agreement with Uni-President for a term of three years commencing from 1 January 2010 and expiring on 31 December 2012 on substantially the same terms as the 2007 Framework Purchase Agreement pursuant to which the Company agrees to purchase and procure purchase of, on a non-exclusive basis, certain raw materials, packaging materials and commercial goods from Uni-President Group and its associates (the "New Framework Purchase Agreement").

Distribution agreement

On 15 July 2009, 統一(上海)商貿有限公司 (President (Shanghai) Trading Co., Ltd.), an indirect wholly-owned subsidiary of the Company, entered into a distribution agreement with Uni-President pursuant to which Uni-President appointed 統一(上海)商貿有限公司 (President (Shanghai) Trading Co., Ltd.) as its exclusive distributor to distribute all the instant noodle products under the trademark of "滿漢大餐" in the PRC with effect from 15 July 2009 to 31 December 2011. The price for each order under the distribution agreement shall be determined based on production cost plus a margin and disbursements and other expenses incurred and shall not be higher than the market price.

The Company has obtained a waiver from the Stock Exchange from the announcement requirement in respect of the transactions under the framework services agreement and a waiver from the Stock Exchange from the announcement and independent shareholders' approval requirements in respect of the transactions under the 2007 Framework Sales Agreement and the 2007 Framework Purchase Agreement. Such waivers have expired on 31 December 2009. The continuing connected transactions under the distribution agreement are subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules. The maximum aggregate annual value ("cap") permitted by the Stock Exchange or proposed by the Company (as the case may be) and the aggregate annual value actually occurred for each of the above mentioned continuing connected transactions for the year ended 31 December 2009 are set out below:

Transaction	**Actual amount** (RMB million)	**Annual cap** (RMB million)
Framework services agreement		
ERP system consultancy services	0	18.0
Technical support services	0.3	3.0
Framework sales agreement		
Total sales value	54.7	445.4
Framework purchase agreement		
Total purchase value	564.0	968.6
Distribution agreement		
Total value of the products distributed	0	1.95

In the opinion of the independent non-executive directors of the Company, the above transactions were carried out in the ordinary and usual course of business of the Group, on normal commercial terms and were in accordance with the relevant agreements governing them and on terms that were fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

The auditor of the Company has confirmed that the above transactions:

- had been approved by the Board;
- were in accordance with the pricing policies of the Group;
- were entered into in accordance with the terms of the relevant agreements governing such transactions; and
- had not exceeded their respective caps as set out in the prospectus of the Company dated 4 December 2007.

Non-competition confirmation

The Company has received written confirmation from Uni-President confirming that Uni-President and its subsidiaries have not breached the terms of the non-competition deed entered between the Company and Uni-President on 23 November 2007.

Major suppliers and customers

During the year, the aggregated sales from the largest five customers amounted for less than 30% of the Group's total sales, and the purchases from the largest supplier and the aggregated purchases from the largest five suppliers accounted for 10.3% and 32.6% of the Group’s total purchases.

Share option scheme

The Company adopted a share option scheme (the “Scheme”) pursuant to a written resolution passed on 23 November 2007. The purpose of the Scheme is to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to employees (whether full-time or part-time), directors or non-executive directors (including independent non-executive directors) of any member of the Group.

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 17 December 2007 (“Listing Date”). Unless approved by shareholders of the Company in the manner as set out in the Scheme, the total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue at the date of grant of the option.

The exercise price shall be the price determined by the Board being the higher of: (a) the average closing price of the shares for the five business days immediately preceding the date of grant of the option as stated in the Stock Exchange’s daily quotation sheets; (b) the closing price of the shares as stated on the Stock Exchange’s daily quotation sheet of the shares on the date of grant of the option; or (c) the nominal value of the shares. No amount will be payable for the acceptance of an option.

During the year, no share options has been granted under the Scheme. The Scheme will remain in force until 16 December 2017.

Pre-emptive rights

There is no provision for pre-emptive rights under the articles of association of the Company, although there are no restrictions against such rights under the laws in the Cayman Islands.

Purchase, sale or redemption of securities

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year.

Public float

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of the annual report, the Company has maintained the prescribed public float under the Listing Rules.

Use of net proceeds from the Company's initial public offering

In 2007, the Company completed its global offering. Through the initial public offering, including the exercise of an over-allotment option, the Group issued 599,445,000 shares at an offer price of HK$4.22 per share, raising approximately HK$2,405 million of net proceeds. The proceeds are being used in accordance with the purposes disclosed in the prospectus of the Company dated 4 December 2007.

Audit committee

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2009.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who shall retire and, being eligible, shall offer themselves for reappointment at the forthcoming annual general meeting of the Company.

On behalf of the Board
Lo Chih-Hsien
Chairman

Tainan, Taiwan
23 April 2010

Executive Directors

Mr. LO Chih-Hsien (alias LO, Alex C.)（羅智先）, aged 53, is our chairman and executive Director. Mr. Lo joined our Group in September 1998 and is responsible for overall strategic planning and management of our Group. Except for Sichuan Hongtong Commercial Trading Co., Ltd.（四川弘通商貿有限責任公司）, he is currently a director of each of our PRC subsidiaries. He has over 23 years of experience in the food and beverage industry. Mr. Lo is a director of President Chain Store Corp., Tait Marketing & Distribution Co., Ltd（德記洋行(股)公司）and Ton Yi Industrial Corp., all of which are listed on the Taiwan Stock Exchange. He is also the general manager of Uni-President Enterprises Corp. and a director of 51 members of the Uni-President Group (excluding our Group). Mr. Lo was awarded a master's degree in business administration from the University of California, Los Angeles, U.S.A. in 1993. He is the son-in-law of Mr. Kao Chin-Yen.

Mr. LIN Wu-Chung（林武忠）, aged 58, is our president and executive Director. Mr. Lin joined our Group in August 1995 and is primarily responsible for business management. He joined the Uni-President Group in January 1978 and has over 30 years of experience in beverage and instant noodle businesses. He was the head of Uni-President Enterprises Corp.'s beverages department from 1991 to July 1995. He has been appointed as the director of President Enterprises (China) Investment Co. Ltd.（統一企業(中國)投資有限 公司）since 2004 and the general manager of President Enterprises (China) Investment Co., Ltd. since 2005. He was also appointed as the general manager of Tong Ren Corp. Limited in 2007. He is currently a director of Tong Ren Corp. Limited and each of our PRC subsidiaries except Champ Green (Shanghai) Consulting Co., Ltd.. He is also a director of Heilongjiang Wondersun Dairy Co., Ltd.（黑龍江省完達山乳業股份有限公司）and Yantai North Andre Juice Co., Ltd.（煙台北方安德利果汁股份有限公司）. Mr. Lin graduated from Tamkang University with a bachelor's degree in international trade in 1975.

Non-Executive Directors

Mr. KAO Chin-Yen（高清愿）, aged 82, is our non-executive Director. Mr. Kao joined our Group in August 2007. He joined the Uni-President Group in July 1967 and is currently the chairman of Uni-President Enterprises Corp. and a director of 14 members of Uni-President Group (excluding our Group). With over 42 years of experience in the food and beverage industry, Mr. Kao is currently a director of Uni-President Enterprises Corp., Prince Housing and Development Corp.（太子建設開發(股)公司）, Tainan Spinning Co., Ltd.（台南紡織(股份)公司）, President Chain Store Corp.（統一超商(股)公司）, Ton Yi Industrial Corp.（統一實業(股)公司）and TTET Union Corp.（大統益(股)公司）, all of which are listed on the Taiwan Stock Exchange. He obtained a doctorate in business administration with honours from National Cheng Kung University in 2001. Mr. Kao Chin-Yen is the father-in-law of Mr. Lo Chih-Hsien.

Mr. LIN Chang-Sheng（林蒼生）, aged 67, is our non-executive Director. Mr. Lin joined the Uni-President Group in January 1968 and is currently a CEO of Uni-President Group and a director of 62 members of the Uni-President Group (excluding our Group). He has over 37 years of experience in the food and beverage industry. Mr. Lin is currently a director of Tong Ren Corp. Limited（統仁實業股份有限公司）and each of our PRC subsidiaries. He is also the director of President Chain Store Corp., Ton Yi Industrial Corp., TTET Union Corp., and Uni-President Enterprises Corp., all of which are listed on the Taiwan Stock Exchanges. Mr. Lin graduated from National Cheng Kung University with a bachelor's degree in electronic engineering.

Mr. LIN Lung-Yi (林隆義), aged 66, is our non-executive Director. Mr. Lin joined our Group in December 1991. He is currently a director of President Enterprises (China) Investment Co., Ltd., a subsidiary of the Company. He joined the Uni-President Group in March 1971 and has over 38 years of experience in financial and accounting management. Mr. Lin is currently the Vice CEO of Uni-President Group and a director of 36 members of the Uni-President Group (excluding our Group). He is also the director of President Chain Store Corp., Ton Yi Industrial Corp., and Prince Housing and Development Corp., all of which are listed on the Taiwan Stock Exchange. Mr. Lin graduated from National Cheng Kung University with a bachelor's degree in accounting and statistics.

Mr. SU Tsung-Ming (蘇崇銘), aged 52, is our non-executive Director. Mr. Su joined our Group in August 2007. He joined the Uni-President Group in August 2000, and is currently the vice-president of Uni-President and a director of 22 members of the Uni-President Group (excluding our Group). Mr. Su is currently a director of President Chain Store Corp., which is listed on the Taiwan Stock Exchange. He has over 24 years of experience in banking and financial management. Before joining the Uni-President Group, he was the vice-president of the Taipei branch of Citibank. Mr. Su was the financial specialist of Seibu Department Store in Tokyo in 1988 and the senior specialist of Nortel Networks Asia/Pacific in Tokyo in 1990. Mr. Su holds a master of business administration degree from the University of Iowa.

Independent Non-executive Directors

Mr. CHEN Sun-Te (陳聖德), aged 55, was appointed as our independent non-executive Director in August 2007. He has over 26 years of experience in the banking and financial industry. He is currently the president of North Asia and Greater China of Fullerton Financial Holdings Pte. Ltd. and an independent director of China Shenhua Group Co., Ltd.. Prior to that, Mr. Chen served as the president of Chinatrust Financial Holdings Co., Ltd. in 2005, the chairman of Chinatrust Securities Co., Ltd. between 2003 and 2005, the country officer and country head of the corporate bank in Taiwan of Citigroup between 2001 and 2003, and the regional head of financial market in Asia Pacific of Citigroup between 1998 and 2001. He gained extensive financial management experience from various positions held with Citibank and Citigroup and has acquired general knowledge about the food and beverage industry through dealing with clients from that industry. Mr. Chen holds a master's degree in business administration from University of Missouri and a bachelor's degree in political science from National Chengchi University.

Mr. FAN Ren-Da, Anthony (范仁達), aged 49, was appointed as our independent non-executive Director in August 2007. He holds a master's degree in business administration from the USA. He is the chairman and managing director of AsiaLink Capital Limited. Prior to that, he held senior positions with various international financial institutions and was the managing director of a company listed on the Stock Exchange. Mr. Fan is an independent non-executive director of Citic Resources Holdings Limited (Stock Code: 1205), Raymond Industrial Limited (Stock Code: 229), Chinney Alliance Group Limited (Stock Code: 385), Renhe Commercial Holdings Company Limited (Stock Code: 1387) and Hong Kong Resources Holdings Company Limited (Stock Code: 2882), all listed on the Main Board of the Stock Exchange.

Mr. HWANG Jenn-Tai (黃鎮台), aged 61, was appointed as our independent non-executive Director in August 2007. He holds a Ph.D. in chemical physics from Columbia University and a bachelor's degree in chemistry from National Taiwan University. He is currently the President of Soochow University. Prior to this, Mr. Hwang was the Minister of National Science Council, Executive Yuan (行政院國家科學委員會), the President of Feng Chia University, the Vice Minister of Ministry of Education (教育部) and the President of Chinese Chemical Society (中國化學會).

Mr. YANG Ing-Wuu (楊英武), aged 65, was appointed as an independent non-executive Director in November 2007. He holds a bachelor and a masters degree in Law from National Chengchi University. Mr. Yang is currently the secretary general of Taiwan Vegetable Oil Manufacturers Association (台灣區植物油製煉工業同業公會) and the Executive Counsel of Guangda Cereals Joint Stock Limited Company (光大穀物股份有限公司). Prior to this, Mr. Yang was the executive director of Taiwan Soya Bean Importers Joint Committee (台灣區進口黃豆聯合工作委員會), the chairman of the board of Huanguo International Trade Company (環國國際貿易公司), the secretary general of General Chamber of Commerce of Taiwan, the secretary general of China Food Industry Competitiveness Enhancement Association (中華食品產業競爭力策進會) and a part-time lecturer at Chihlee Institute of Commerce and Shih Hsin University. Mr. Yang has over 35 years' experience in the food industry.

Mr. LO Peter（路嘉星）, aged 54, was appointed as our independent non-executive Director in November 2007. He is currently a director of China Enterprise Capital Limited and the chairman and an executive director of Bio-Dynamic Group Limited (formerly known as wealthmark International (Holdings) Ltd), a company listed on the Hong Kong Stock Exchange. Mr. Lo is also an independent non-executive director of Ajisen (China) Holdings Ltd. From February 2005 to May 2008, he was the independent non-executive director of Lonking Holdings Limited (formerly known as China Infrastructure machinery Holding Ltd.). Both of the two companies aforesaid are listed on the Hong Kong Stock Exchange. Mr. Lo was the chief executive officer and an executive director of Harbin Brewery Group Limited (a company engaging in the production and distribution of beer) from 1998 to 2004. Mr. Lo holds a bachelor's degree in mathematical economics and econometrics from the London School of Economics and Political Science and is a member of the China People's Consultative Conference of Harbin City.

Senior Management

Mr. LIN Wu-Chung (林武忠), aged 58, is our president and executive Director. Mr. Lin joined our Group in August 1995 and is primarily responsible for business management. He joined the Uni-President Group in January 1978 and has over 30 years of experience in beverage and instant noodle businesses. He was the head of Uni-President Enterprises Corp's beverages department from 1991 to July 1995. He has been appointed as the director of President Enterprises (China) Investment Co., Ltd (統一企業(中國)投資有限公司) since 2004 and the general manager of President Enterprises (China) Investment Co., Ltd. since 2005. He was also been appointed as the general manager of Tong Ren Corp. Limited in 2007. He is currently a director of Tong Ren Corp. Limited and each of our PRC subsidiaries except Champ Green (Shanghai) Consulting Co., Ltd.. He is also a director of Heilongjiang Wondersun Dairy. Co., Ltd. (黑龍江省完達山乳業股份有限公司) and Yantai North Andre Juice Co., Ltd. (烟台北方安德利果汁股份有限公司). Mr. Lin graduated from Tamkang University with a bachelor's degree in international trade in 1975.

Mr. CHEN Chia-Heng (陳嘉珩), aged 52, who joined our Group in June 2003, was the head of instant noodle products business from June 2003 to September 2006 and has been the head of combined drink products business of our Group since September 2006. He joined Uni-President Group in 1982 and has over 27 years of experience in the food and beverage industry. Mr. Chen holds a master's degree in business administration from National Cheng Kung University.

Mr. LO Chiu-Tien (羅秋田), aged 47, who joined our Group in January 2004, is our head of tea drinks business. He joined Uni-President Group in 1986 and has over 23 years of experience in beverage industry. Mr. Lo was the general manager of the dairy drinks and beverage products business of President Enterprises (China) Investment Co., Ltd. from January 2004 to August 2006. Since September 2006, he has been the head of tea drinks business of our Group. He also currently serves as a director of Jinmailang Beverage (Beijing) Co., Ltd.(今麥郎飲品(北京)有限公司)and Gui Lin Ziquan Beverage Industry Co., Ltd.(桂林紫泉飲料工業有限公司). He holds a master's degree in business administration from National Kaohsiung First University of Science and Technology.

Ms. HSIEH Ling-Ling (謝玲玲), aged 47, is the head of accounting and finance and the assistant to the general manager of President Enterprises (China) Investment Co., Ltd. Ms. Hsieh joined our Group in December 2002 and is responsible for general financial management and banking relationship maintenance. She joined Uni-President Group in 1986 and has 22 years of experience in financial management. She was relocated to our Group in December 2002. Since 2009, save for the President Enterprises (China) Investment Co., Ltd (統一企業(中國)投資有限公司), Harbin President Enterprises Co., Ltd. (哈爾濱統一企業有限公司) and Sichuan Hongtong Commercial Trading Co., Ltd. (四川弘通商貿有限責任公司), she has been a director of each of our PRC subsidiaries. She is also a director of Heilongjiang Wondersun Dairy Co., Ltd. She holds a bachelor's degree in business administration from National Chung Hsing University.

Senior Management's Profile

Company Secretary

Mr. NGAI Wai Fung (魏偉峰), *FCIS, FCS(PE), CPA, ACCA,* aged 48, is the company secretary of the company. Mr. Ngai is a director and head of listing services of KCS Hong Kong Limited, a corporate secretarial and accounting services provider in Hong Kong. Mr. Ngai is currently the vice president of the Hong Kong Institute of Chartered Secretaries and the chairman of its Membership Committee. Mr. Ngai is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Ngai holds a Master of Corporate Finance Degree from the Hong Kong Polytechnic University, Master of Business Administration Degree from Andrews University of the United States and a Bachelor of Laws (with Honours) Degree from the University of Wolverhampton, the United Kingdom. He is also undertaking a PhD course (thesis stage) in Finance at the Shanghai University of Finance and Economics.

Note: Mr. Chan Pei Cheong, Andy has resigned as the qualified accountant, company secretary, authorised representative of the Company under the Listing Rules and authorized representative of the Company under Hong Kong Companies Ordinance with effect from 1 February 2010.

The Company is committed to ensuring high standards of corporate governance and understands good corporate governance is crucial to enhancing investors' confidence in the Company. The Company has complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout 2009. The following summarises the corporate governance principles and practices adopted by the Company.

Board of Directors

The board of directors of the Company (the "Board") consists of two executive directors, four non-executive directors and five independent non-executive directors. The composition of the Board is as follows:

Executive Directors

Mr. Lo Chih-Hsien *(Chairman)*
Mr. Lin Wu-Chung *(President)*

Non-executive Directors

Mr. Kao Chin-Yen
Mr. Lin Chang-Sheng
Mr. Lin Lung-Yi
Mr. Su Tsung-Ming

Independent Non-executive Directors

Mr. Chen Sun-Te
Mr. Fan Ren-Da, Anthony
Mr. Hwang Jenn-Tai
Mr. Yang Ing-Wuu
Mr. Peter Lo

The biographies of the directors are set out on pages 25 to 28 of the annual report.

The Company has received the annual confirmation on independence from each of the independent non-executive directors in accordance with Rule 3.13 of the Listing Rules and the Company considers each independent non-executive director as independent under the aforesaid Rule 3.13.

The term of office of directors (including independent non-executive directors) is three years. In accordance with the articles of association of the Company, at each annual general meeting of the Company, one third of the directors for the time being or, if their number is not three or a multiple of three, the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The directors remuneration are determined with reference to their duties, responsibilities and experience, and to the prevailing market conditions.

The Board is responsible for the formulation of long term business objectives, strategies and plans, and to monitor and control the operating and financial performance of the Group. There are currently four committees established under the Board, being the audit committee, the nomination committee, the remuneration committee and the investment, strategy and development committee. Each committee has its terms of reference and reports to the Board regularly.

The Company does not have a chief executive officer, whose role is instead performed by the President. The roles of the Chairman of the Board and President of the Company are performed by separate persons. The Chairman of the Board is responsible for ensuring that the directors perform their duties properly and ensuring discussions on material matters take place on a timely basis. The day-to-day operations and implementation of business objectives are delegated to the President. The management is delegated with power and authority to carry out daily operations and duties.

In 2009, the Company held five board meetings. The attendance record of each director at the board meetings in 2009 is set out below:

Member of the Board	**Number of meetings attended**
Executive Directors	
Lo Chih-Hsien *(Chairman)*	4
Lin Wu-Chung *(President)*	5
Non-executive Directors	
Kao Chin-Yen	1
Lin Chang-Sheng	3
Lin Lung-Yi	4
Su Tsung-Ming	5
Independent Non-executive Directors	
Chen Sun-Te	5
Fan Ren-Da, Anthony	5
Hwang Jenn-Tai	1
Yang Ing-Wuu	5
Peter Lo	5

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code")

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 required standards as set out in the Model Code throughout 2009.

Remuneration Committee

The remuneration committee comprises Mr. Chen Sun-Te and Mr. Hwang Jenn-Tai, who are both independent non-executive directors, and Mr. Lin Chang-Sheng, who is a non-executive director. The remuneration committee is chaired by Mr. Chen Sun-Te.

The primary functions of the remuneration committee are to evaluate the performance and make recommendations on the remuneration package of the directors and senior management and evaluate and make recommendations on other employee benefit arrangement. The terms of reference of the remuneration committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The remuneration committee held two meetings in 2009 to conduct an annual review of the remuneration policy for all directors and senior management of the Company. The attendance record of each member at the remuneration committee meetings in 2009 is set out below:

Member of the remuneration committee	**Number of meetings attended**
Chen Sun-Te *(Chairman)*	2
Hwang Jenn-Tai	0
Lin Chang-Sheng	2

Nomination Committee

The nomination committee comprises Mr. Hwang Jenn-Tai and Mr. Fan Ren-Da, Anthony, who are both independent non-executive directors, and Mr. Lo Chih-Hsien, who is an executive director. The nomination committee is chaired by Mr. Hwang Jenn-Tai.

The primary function of the nomination committee is to make recommendations to the Board on the appointment of directors and the management of the Board succession. The terms of reference of the nomination committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The nomination committee held one meeting in 2009 to conduct an annual review of the arrangement of the committee meetings and staff work plan for 2009. The attendance record of each member at the nomination committee meeting in 2009 is set out below:

Member of the nomination committee	Number of meetings attended
Hwang Jenn-Tai *(Chairman)*	0
Fan Ren-Da, Anthony	1
Lo Chih-Hsien	1

Investment, Strategy and Development Committee

The Board established an investment, strategy and development committee on 13 October 2008 comprising Mr. Lo Chih-Hsien, Mr. Lin Wu-Chung, who are both executive directors, Mr. Lin Chang-Sheng, who is a non-executive director, and Mr. Chen Sun-Te, Mr. Yang Ing-Wuu and Mr. Peter Lo, who are independent non-executive directors. The investment, strategy and development committee is chaired by Mr. Lo Chih-Hsien.

The primary functions of the investment, strategy and development committee are to review the investment and development plan and policies of the Group and to review investment proposals and make recommendations to the Board. The terms of reference of the investment, strategy and development committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The investment, strategy and development committee held one meeting in 2009. The attendance record of each member at the investment, strategy and development committee meeting is set out below:

Member of the investment, strategy and development committee	Number of meetings attended
Lo Chih-Hsien *(Chairman)*	1
Lin Wu-Chung	1
Lin Chang-Sheng	0
Chen Sun-Te	1
Yang Ing-Wuu	1
Peter Lo	1

Audit Committee

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2009.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors and provide advice and comments to the directors. The terms of reference of the audit committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The audit committee held three meetings in 2009 to review the annual and interim financial statements and the effectiveness of the internal control practices of the Group. The attendance record of each member at the audit committee meetings in 2009 is set out below:

Member of the audit committee	Number of meetings attended
Fan Ren-Da, Anthony *(Chairman)*	3
Chen Sun-Te	2
Lin Lung-Yi	2
Peter Lo	2

Auditors' Remuneration

PricewaterhouseCoopers is the auditor of the Company. During 2009, the Group paid to the auditor RMB4,950,000 for 2009 statutory audit services of the Company.

The Company also incurred approximately RMB58,000 for the services provided by PricewaterhouseCoopers in respect of advisory service for tax services.

The Board and the audit committee propose to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year 2010, which is subject to shareholders approval at the forthcoming annual general meeting.

Accountability

The Board acknowledges its responsibility for overseeing the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. A statement from the auditors about their reporting responsibilities is set out on page 37 of the annual report. In preparing the financial statements for the year ended 31 December 2009, the directors have selected suitable accounting policies and applied them consistently and have made prudent and reasonable judgements and estimates and have prepared the financial statements on a going concern basis.

Internal Control

The Board is responsible for maintaining sound internal controls to safeguard the Group's assets and shareholders' investment as well as to ensure that proper accounting records are maintained, appropriate legislation and regulations are complied with. During 2009, the Board has conducted review on the effectiveness of the Group's internal control system, including, among other things, financial, operational and compliance controls and risk management functions.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong
Telephone +852 2289 8888
Facsimile +852 2810 9888
www.pwchk.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF UNI-PRESIDENT CHINA HOLDINGS LTD.
(Incorporated in the Cayman Islands as an exempted company with limited liability)

We have audited the consolidated financial statements of Uni-President China Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 100, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 April 2010

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Leasehold land	6	**184,985**	171,952
Property, plant and equipment	7	**2,174,043**	1,956,937
Intangible assets	8	**12,878**	8,383
Interests in jointly controlled entities	10	**446,640**	306,448
Interests in associated companies	11	**290,537**	–
Available-for-sale financial assets	12	**447,608**	394,657
Deferred income tax assets	13	**104,521**	84,480
		3,661,212	2,922,857
Current assets			
Inventories	14	**687,988**	551,467
Trade and bills receivables	15	**272,758**	221,509
Prepayments, deposits and other receivables	16	**147,430**	145,486
Pledged bank deposits	17	**24,627**	10,803
Cash and cash equivalents	18	**3,359,788**	3,272,859
		4,492,591	4,202,124
Total assets		**8,153,803**	7,124,981
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	**34,047**	34,047
Share premium account	19	**2,243,980**	2,243,980
Other reserves	20		
– Proposed dividends	34	**352,458**	171,909
– Others		**3,823,341**	3,292,606
Total equity		**6,453,826**	5,742,542

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	13	**17,119**	–
Deferred government grants	21	**3,239**	5,956
		20,358	5,956
Current liabilities			
Trade and bills payables	23	**507,391**	513,003
Other payables and accruals	24	**1,141,796**	821,139
Borrowings	25	**–**	8,562
Other long-term liability – current portion	22	**–**	5,685
Current income tax liabilities		**30,432**	28,094
		1,679,619	1,376,483
Total liabilities		**1,699,977**	1,382,439
Total equity and liabilities		**8,153,803**	7,124,981
Net current assets		**2,812,972**	2,825,641
Total assets less current liabilities		**6,474,184**	5,748,498

LO Chih-Hsien
Executive Director

LIN Wu-Chung
Executive Director

The notes on pages 46 to 100 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary	9(a)	**3,520,201**	3,281,176
Interest in an associated company		**1,436**	–
Available-for-sale financial assets	12	**335,073**	245,630
Property, plant and equipment		**97**	172
Intangible assets		**13**	16
		3,856,820	3,526,994
Current assets			
Prepayments, deposits and other receivables	16	**1,457**	275
Due from subsidiaries	9(b)	**3,910**	177,135
Loans to subsidiaries	9(c)	**587,982**	478,429
Pledged bank deposits	17	**–**	10,803
Cash and cash equivalents	18	**70,910**	155,353
		664,259	821,995
Total assets		**4,521,079**	4,348,989
EQUITY			
Share capital	19	**34,047**	34,047
Share premium account	19	**2,243,980**	2,243,980
Other reserves	20		
– Proposed dividends	34	**352,458**	171,909
– Others		**1,880,627**	1,758,747
Total equity		**4,511,112**	4,208,683
LIABILITIES			
Current liabilities			
Due to subsidiaries	9(b)	**–**	1,070
Loan from a subsidiary	9(d)	**–**	116,188
Other payables and accruals	24	**9,967**	23,048
Total liabilities		**9,967**	140,306
Total equity and liabilities		**4,521,079**	4,348,989
Net current assets		**654,292**	681,689
Total assets less current liabilities		**4,511,112**	4,208,683

LO Chih-Hsien
Executive Director

LIN Wu-Chung
Executive Director

The notes on pages 46 to 100 are an integral part of these consolidated financial statements.

Consolidated Income Statement

For the year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Revenue	5	**9,108,610**	9,241,571
Cost of sales	28	**(5,491,943)**	(6,085,853)
Gross profit		**3,616,667**	3,155,718
Other gains/(losses) – net	26	**15,187**	(4,428)
Other income	27	**62,266**	62,202
Selling and marketing expenses	28	**(2,581,233)**	(2,277,750)
Administrative expenses	28	**(346,113)**	(416,191)
Operating profit		**766,774**	519,551
Finance income		**50,824**	80,873
Finance costs		**(3,866)**	(157,542)
Finance income/(costs) – net	30	**46,958**	(76,669)
Share of results of jointly controlled entities	10	**84,397**	(734)
Share of results of associated companies	11	**(1,658)**	–
Profit before income tax		**896,471**	442,148
Income tax expense	31	**(191,589)**	(98,307)
Profit for the year and attributable to equity holders of the Company		**704,882**	343,841
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	33	**19.58 cents**	9.56 cents
Dividends	34	**352,458**	171,909

The notes on pages 46 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	**2009 RMB'000**	2008 RMB'000
Profit for the year		**704,882**	343,841
Other comprehensive income:			
Movements upon reclassification of an investment from available-for-sale financial asset to associated company	20		
– Transfer of fair value loss on available-for-sale financial asset, net of tax, previously taken to reserve		**11,324**	–
– Share of pre-acquisition profits and reserves of associated company		**16,114**	–
Transfer of fair value loss previously taken to reserve to income statement upon disposal of available-for-sale financial assets	20	**10,461**	–
Fair value gains/(losses) on available-for-sale financial assets, net of tax		**140,412**	(70,535)
Other comprehensive income for the year, net of tax		**178,311**	(70,535)
Total comprehensive income for the year and attributable to equity holders of the Company		**883,193**	273,306

The notes on pages 46 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

		Attributable to equity holders of the Company			
	Note	Share capital RMB'000	Share premium account RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2008		33,370	1,960,248	3,191,209	5,184,827
Comprehensive income					
Profit for the year		–	–	343,841	343,841
Other comprehensive income					
Fair value losses on available-for-sale financial assets, net of tax		–	–	(70,535)	(70,535)
Total comprehensive income for the year		–	–	273,306	273,306
Transactions with owners					
Issue of shares, net off issue expenses	19	677	283,732	–	284,409
Balance at 31 December 2008		34,047	2,243,980	3,464,515	5,742,542
Balance at 1 January 2009		**34,047**	**2,243,980**	**3,464,515**	**5,742,542**
Comprehensive income					
Profit for the year		**–**	**–**	**704,882**	**704,882**
Other comprehensive income					
Movements upon reclassification of an investment from available-for-sale financial asset to associated company	20				
– Transfer of fair value loss on available-for-sale financial asset, net of tax, previously taken to reserve		**–**	**–**	**11,324**	**11,324**
– Share of pre-acquisition profits and reserves of associated company		**–**	**–**	**16,114**	**16,114**
Transfer of fair value loss previously taken to reserve to income statement upon disposal of available-for-sale financial assets	20	**–**	**–**	**10,461**	**10,461**
Fair value gains on available-for-sale financial assets, net of tax		**–**	**–**	**140,412**	**140,412**
Total other comprehensive income		**–**	**–**	**178,311**	**178,311**
Total comprehensive income for the year		**–**	**–**	**883,193**	**883,193**
Transactions with owners					
Dividends relating to 2008, paid	20	**–**	**–**	**(171,909)**	**(171,909)**
Balance at 31 December 2009		**34,047**	**2,243,980**	**4,175,799**	**6,453,826**

The notes on pages 46 to 100 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	**2009 RMB'000**	2008 RMB'000
Cash flows from operating activities			
Cash generated from operations	35	**1,089,647**	873,792
Interest income received		**52,596**	76,279
Interest expenses paid		**(581)**	(10,358)
Income tax paid		**(194,984)**	(129,153)
Net cash generated from operating activities		**946,678**	810,560
Cash flows from investing activities			
Investments in jointly controlled entities		**(57,667)**	(71,800)
Investments in associated companies		**(232,336)**	–
Additions of available-for-sales financial assets		**(177)**	(255,118)
Payment for leasehold land		**(17,185)**	(17,369)
Purchases of property, plant and equipment		**(501,037)**	(386,413)
Purchases of intangible assets		**(13,253)**	(46,288)
Proceeds from disposal of property, plant and equipment		**19,575**	10,788
Proceeds from disposal of a jointly controlled entity		**3,162**	–
Proceeds from disposal of available-for-sale financial assets		**77,726**	–
Investment in a financial product		**–**	(30,000)
Proceeds from disposal of a financial product		**30,315**	–
Dividends received from an associated company		**4,479**	–
Dividends received from available-for-sales financial assets		**10,405**	11,246
Net cash used in investing activities		**(675,993)**	(784,954)
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue expenses		**–**	284,409
Proceeds from bank borrowings		**50,000**	238,395
Repayments of bank borrowings		**(58,562)**	(526,008)
Dividends paid to equity holders of the Company		**(171,909)**	–
Net cash used in financing activities		**(180,471)**	(3,204)
Net increase in cash and cash equivalents		**90,214**	22,402
Cash and cash equivalents at beginning of the year		**3,272,859**	3,411,868
Exchange losses on cash and cash equivalents		**(3,285)**	(161,411)
Cash and cash equivalents at end of the year	18	**3,359,788**	3,272,859

The notes on pages 46 to 100 are an integral part of these consolidated financial statements.

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 is an investment holding 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 (the "Listing").

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 23 April 2010.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Changes in accounting policies and disclosures

(a) *New and amended standards adopted by the Group*

The Group has adopted the following new and amended HKFRS which are relevant to the Group's operations since 1 January 2009:

- HKFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(a) *New and amended standards adopted by the Group (continued)*

- HKAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKAS 23 (revised) 'Borrowing costs' – effective 1 January 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. As the Group has already chosen the allowed alternative treatment to capitalise borrowing costs attributable to qualifying assets under the original HKAS 23, there is no impact on earning per share.

- HKFRS 8 'Operating segments' – effective 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. It has no material impact on the Group's financial statements as the present operating segments have been identified on the basis of internal reports reviewed by the decision maker.

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and amendments to existing standards which are relevant to the Group's operations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, and the Group has not early adopted them:

- HKFRS 3 (revised) 'Business combinations' – effective 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKAS 38 (amendment) 'Intangible Assets' – effective 1 July 2009. The amendment is part of the HKICPA's annual improvements project published in May 2009 and the Group and Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The Group will apply HKAS 38 (amendment) from 1 January 2010.

- HKAS 1 (amendment) 'Presentation of financial statements' – effective 1 July 2009. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply HKAS 1 (amendment) from 1 January 2010.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 2.6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

(b) Jointly controlled entities and associated companies

A jointly controlled entity is an entity which operates under a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in jointly controlled entities and associated companies are accounted for in the consolidated financial statements using equity method of accounting and are initially recognised at cost. The Group's interests in the jointly controlled entities and associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its jointly controlled entities and associated companies' post-acquisition profit or losses, including any impairment loss on goodwill, is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investment. When the Group's share of losses in a jointly controlled entity and associated company equals or exceeds its interest in the jointly controlled entity and associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity and associated company.

Unrealised gains on transactions between the Group and its jointly controlled entities and associated companies are eliminated to the extent of the Group's interests in the jointly controlled entities and associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities and associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of majority of the Group's entities is Renminbi ("RMB"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the presentation currency of the Company and the Group's financial statements.

(b) Transactions and balances

Foreign currency transactions of each of the Group's entities are translated into the functional currency using the applicable exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other gains/(losses) – net'.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserves in equity.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised as a separate component of equity.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statements during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost less impairment loss of each asset to its residual value over its estimated useful life, as follows:

Buildings	20 years
Machinery and factory equipment	10 years
Vehicle, office equipment and fixtures	3-5 years
Leasehold improvements	5 years or shorter of lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised within 'other gains/(losses) – net', in the consolidated income statements. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of jointly controlled entities or associated companies is included in interests in jointly controlled entities or associated companies. Goodwill is tested for impairment and carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2 Summary of significant accounting policies (continued)

2.6 Intangible assets (continued)

(b) Computer Software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of 5 years.

(c) Sponsorship fee

Sponsorship fee for the 2008 Beijing Olympic Games has been capitalised and stated at historical cost less accumulated amortisation. The sponsorship fee is initially measured at the fair value of the expected future payments and costs of products to be provided. Amortisation is calculated using the straight-line method to allocate the cost of sponsorship fee over the contractual period under the sponsorship program of 28 months.

2.7 Impairment of investments in subsidiaries, jointly controlled entities, associated companies and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, jointly controlled entities or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories: loans and receivable and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and bills receivable', 'other receivables', 'pledged bank deposits' and 'cash and cash equivalents' in the balance sheet (also refer to Notes 2.11 and 2.12).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date-the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'gains and losses from investment securities'.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of 'other income' when the Group's right to receive payments is established.

2.9 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2 Summary of significant accounting policies (continued)

2.9 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria set out in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. The cost of finished goods and work in progress comprises raw materials, labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 Summary of significant accounting policies (continued)

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand and deposits held at call with banks.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, jointly controlled entities and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

2.17 Current and deferred income tax (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxed levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) Pension obligations (defined contribution plan)

A defined contribution plan is a pension plan under which the Group pays contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

The Group has participated in defined contribution plans administered by the relevant authorities in the PRC, Taiwan and Hong Kong for its employees. The Group is required to pay monthly contributions to these plans at certain percentages of the relevant portion of the payroll of the employees to fund the benefits. The relevant authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees of the Group under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

(b) Profit-sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to equity holders of the Company after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 Summary of significant accounting policies (continued)

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually at the date when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Consultation service income

Consultation service income is recognised in the period when the services are rendered.

(c) Operating lease income (as a lessor)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition (continued)

(d) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to leasehold land and property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.22 Operating leases

(a) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the income statement on a straight-line basis over the period of the lease.

All land in Mainland China is state-owned and no individual land ownership right exists. The Group made upfront payments to obtain operating leases of land use rights. The upfront payments of the land use rights are recorded as assets and amortised over the lease periods varying from 20 to 70 years on a straight-line basis.

(b) The Group is the lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 Summary of significant accounting policies (continued)

2.23 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the Group's financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the Group's financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

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 future purchases from overseas and recognised assets or liabilities, such as cash and cash equivalents (Note 18) and borrowings (Note 25), part of which are denominated in United States dollar ("USD") and Hong Kong dollar ("HKD"). The Group has not used any financial instrument to hedge the foreign exchange risk.

As at 31 December 2009, if RMB had strengthened/weakened by 5% against USD and HKD with all other variables held constant, the post-tax profit for the year ended 31 December 2009 would have been approximately RMB4,224,000 lower/higher (2008: RMB41,685,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of USD and HKD denominated cash and cash equivalents and borrowings.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk because certain investments held by the Group are classified on the consolidated balance sheet as available-for-sale financial assets (Note 12). The Group has not hedged its price risk arising from investments in equity securities financial assets.

For the Group's equity investments that are publicly traded, the fair value is determined with reference to quoted market prices. For the Group's equity investments that are not publicly traded, the Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

In connection with the investment in shares of a non-listed company, the Group adopts both the income approach and market approach. The income approach technique is known as discounted cash flow method to assess the fair value of the available-for-sale financial assets. Under this methodology, fair value is determined by discounting the projected cash flow of the investee company to present worth based on profit and cash flows forecast and other relevant information provided by the investee company. The discount rate used for the investment as at 31 December 2009 was 15% (2008: 14.5%) per annum which was determined by the risk-free rate, market return, estimated beta of the investee company and firm specific risk factors. The market approach known as the price/sales ("P/S"), the price/earnings ("P/E"), business enterprise value/earnings before interest and tax ("BV/EBIT") and business enterprise value/earnings before depreciation, interest and tax ("BV/EBDITA") multiple methodology to assess the fair value of the available-for-sale financial assets. Under this methodology, fair value is determined by multiplying the sales, net income, EBIT and EBDITA of the investee company to multipliers with regard to the risks and nature of the business. In estimating the multiples, reference has been made to the forecasted operating results of companies with similar business nature, having their operating activities in the PRC and whose ownership interests are publicly traded. As at 31 December 2009, if the discount rate and the multiples used was 10% higher/lower from management's estimates, the carrying amounts of the available-for-sale financial assets would be approximately RMB10,682,000 lower/RMB15,227,000 higher than the current value.

(iii) Cash flow and fair value interest rate risk

Except for bank deposits (Note 18) and borrowings (Note 25) with interest charges, the Group have no other significant interest-bearing assets and liabilities.

The Group's interest-rate risk arises from bank deposits and borrowings. Bank deposits and borrowings at variable rates expose the Group to cash flow interest-rate risk, and if at fixed rates expose the Group to fair value interest-rate risk. The Group has not hedged its cash flow and fair value interest rate risk. The interest rate and terms of bank deposits and borrowings are disclosed in Note 18 and Note 25 respectively.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

As at 31 December 2009, if interest rates on bank deposits and borrowings had been 100 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been approximately RMB25,883,000 higher/lower (2008: RMB26,759,000 higher/lower), mainly as a result of higher/lower interest income on bank deposits which would offset interest expenses on borrowings.

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of pledged bank deposits, cash and cash equivalents, trade and bills receivables and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2009 and 2008, all pledged bank deposits and cash and cash equivalents were deposited in the high quality financial institutions and state-controlled financial institutions without significant credit risk. The table below shows the bank deposit balances of the three major counterparties as at 31 December 2009:

Counterparty	**Rating ***	**2009 RMB'000**	2008 RMB'000
China Construction Bank	A-	**497,936**	324,454
Bank of China	A-	**389,407**	536,303
Agricultural Bank of China	A1	**289,852**	256,383
		1,177,195	1,117,140

* The sources of credit rating are from Standard & Poor's and Moody's.

Management does not expect any losses from non-performance of these counterparties.

Majority of the Group's sales are settled in cash or in bills provided by its customers on delivery of goods. Credit sales are made only to selected customers with good credit history. The Group has policies in place to ensure that trade and bills receivables are followed up on a timely basis.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of fund through adequate amounts of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit facilities to ensure sufficient and flexible funding is available to the Group.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000
As at 31 December 2009	
Trade and bills payables	**507,391**
Other payables and accruals, excluding advances received and taxes and levies payable	**878,835**
As at 31 December 2008	
Borrowings	8,562
Interests payments on borrowings	20
Trade and bills payables	513,003
Other payables and accruals, excluding advances received and taxes and levies payable	660,162
Other long-term liability	5,685

Interests payments on borrowings are calculated based on borrowings held as at the balance sheet dates without taking into account of future issues. Floating-rate interest is estimated using the current interest rate as at the balance sheet dates.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

3 Financial risk management (continued)

3.2 Capital risk management (continued)

The Group's strategy is to maintain a gearing ratio below 50%. The gearing ratios at 31 December 2009 and 2008 are as follows:

	2009 RMB'000	2008 RMB'000
Total borrowings (i)	**1,649,187**	1,348,389
Less: cash and cash equivalents (Note 18)	**(3,359,788)**	(3,272,859)
Net debt	**(1,710,601)**	(1,924,470)
Total equity	**6,453,826**	5,742,542
Total capital (ii)	**4,743,225**	3,818,072
Gearing ratio (negative)	**(36.06%)**	(50.40%)

(i) Total borrowings include borrowings, trade and bill payables, other payables and accruals and other long-term liabilities, as shown in the consolidated balance sheet.

(ii) Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt.

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets that are measured at fair value at 31 December 2009.

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets– Equity securities	**335,073**	**112,535**	**–**	**447,608**

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of available-for-sale financial assets

The fair value of financial instruments that are not traded in an active market, such as equity interest classified as available-for-sale financial assets (Note 12) is determined by using valuation techniques (Note 3.1(a)(ii)). The Group uses its judgment to select a variety of methods and to make assumptions that are mainly based on market conditions existing at each balance sheet date.

(b) Income taxes

The Group is mainly subject to income taxes in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

As at 31 December 2009, the Group has deferred income tax assets in the amount of approximately RMB104,521,000 (2008: RMB84,480,000). To the extent it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred income tax assets are recognised for temporary differences arising from impairment provisions on assets, temporary differences arising from depreciation, certain accrual items and unused tax losses, as well as downward adjustment in fair value of available-for-sale financial assets.

4.2 Critical judgements in applying the Group's accounting policies

(a) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee company, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the Group would suffer an additional loss of approximately RMB19,649,000 in its 2009 consolidated financial statements, being the transfer of the accumulated fair value adjustments on the impaired available-for-sale financial assets recognised in equity to the consolidated income statement.

5 Revenue and segment information

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

The executive directors consider the business from a product perspective as over 90% of the Group's sales and business activities are conducted in the PRC. From a product perspective, management assesses the performance of beverages, instant noodles and others.

The executive directors assess the performance of operating segments based on segment profit or loss. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the financial statements.

The segment information for the year ended 31 December 2009 and 2008 is as follows:

	2009				
	Beverages RMB'000	**Instant noodles RMB'000**	**Others RMB'000**	**Unallocated RMB'000**	**Group RMB'000**
Segment results					
Revenue	6,926,916	2,120,483	61,211	–	9,108,610
Segment profit/(loss)	928,391	(68,997)	(9,922)	(82,698)	766,774
Finance income – net					46,958
Share of results of jointly controlled entities	82,787	–	–	1,610	84,397
Share of results of associated companies	3,274	–	–	(4,932)	(1,658)
Profit before income tax					896,471
Income tax expense					(191,589)
Profit for the year					704,882
Other segment terms included in the income statement					
Depreciation and amortisation	232,051	79,850	5,825	4,830	322,556
Segment assets and liabilities					
Assets	2,429,380	836,114	40,584	4,110,548	7,416,626
Interests in jointly controlled entities	444,587	–	–	2,053	446,640
Interests in associated companies	221,933	–	–	68,604	290,537
Total assets					8,153,803
Liabilities	1,149,160	458,155	13,697	78,965	1,699,977
Total liabilities					1,699,977
Capital expenditure	420,321	83,742	3,204	71,246	578,513

5 Revenue and segment information (continued)

	2008				
	Beverages RMB'000	Instant noodles RMB'000	Others RMB'000	Unallocated RMB'000	Group RMB'000
Segment results					
Revenue	6,940,344	2,255,042	46,185	–	9,241,571
Segment profit/(loss)	767,292	(103,049)	(10,937)	(133,755)	519,551
Finance costs – net					(76,669)
Share of results of jointly controlled entities	(734)	–	–	–	(734)
Profit before income tax					442,148
Income tax expense					(98,307)
Profit for the year					343,841
Other segment terms included in the income statement					
Depreciation and amortisation	204,942	145,632	5,816	3,507	359,897
Segment assets and liabilities					
Assets	2,200,377	726,283	34,518	3,857,355	6,818,533
Interests in jointly controlled entities	306,448	–	–	–	306,448
Total assets					7,124,981
Liabilities	937,268	354,693	16,130	74,348	1,382,439
Total liabilities					1,382,439
Capital expenditure	338,573	47,759	8,133	6,866	401,331

Assets grouped under unallocated category consisted primarily of deferred income tax assets, available-for-sale financial assets, pledged bank deposits and cash and cash equivalents.

Liabilities grouped under unallocated category comprised primarily of deferred income tax liabilities, current income tax liabilities and borrowings.

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

6 Leasehold land – Group

The Group's interests in leasehold land represent prepaid operating lease payments for land use rights and their net book amounts are analyzed as follows:

	2009 RMB'000	2008 RMB'000
Opening net book amount	**171,952**	158,438
Additions	**17,185**	17,369
Amortisation (Note 28)	**(4,152)**	(3,855)
Closing net book amount	**184,985**	171,952
Cost	**229,821**	212,636
Accumulated amortisation	**(44,836)**	(40,684)
Net book amount	**184,985**	171,952

All of the Group's leasehold land are located in the PRC and are with the lease periods as follows:

	2009 RMB'000	2008 RMB'000
In the PRC, held on:		
Leases* of over 50 years	**12,151**	12,380
Leases* of between 10 and 50 years	**172,834**	159,572
Closing net book amount	**184,985**	171,952

* Refer to remaining lease period.

Amortisation of the Group's leasehold land has been charged to 'administrative expenses' in the consolidated income statement.

There is no pledge of leasehold land as at 31 December 2009 and 2008.

7 Property, plant and equipment – Group

	Buildings RMB'000	Machinery and factory equipment RMB'000	Vehicles, office equipment and fixtures RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2008						
Cost	957,006	2,146,763	742,581	6,221	27,404	3,879,975
Accumulated depreciation	(323,511)	(1,175,690)	(482,795)	(5,809)	–	(1,987,805)
Accumulated impairment provision	–	(2,460)	(19)	–	–	(2,479)
Net book amount	633,495	968,613	259,767	412	27,404	1,889,691
Year ended 31 December 2008						
Opening net book amount	633,495	968,613	259,767	412	27,404	1,889,691
Additions	176	24,213	61,591	232	290,095	376,307
Transfer upon completion	4,385	15,268	8,384	–	(28,037)	–
Disposals	(393)	(3,911)	(5,409)	–	–	(9,713)
Depreciation (Note 28)	(48,191)	(166,000)	(86,190)	(131)	–	(300,512)
Reversal of provision (Note 28)	–	1,164	–	–	–	1,164
Closing net book amount	589,472	839,347	238,143	513	289,462	1,956,937
At 31 December 2008						
Cost	960,972	2,159,108	739,780	6,453	289,462	4,155,775
Accumulated depreciation	(371,500)	(1,318,465)	(501,618)	(5,940)	–	(2,197,523)
Accumulated impairment provision	–	(1,296)	(19)	–	–	(1,315)
Net book amount	589,472	839,347	238,143	513	289,462	1,956,937
Year ended 31 December 2009						
Opening net book amount	**589,472**	**839,347**	**238,143**	**513**	**289,462**	**1,956,937**
Additions	**12,939**	**22,766**	**93,319**	**–**	**424,736**	**553,760**
Transfer upon completion	**172,136**	**362,968**	**69,922**	**–**	**(605,026)**	**–**
Disposals	**(778)**	**(7,399)**	**(13,651)**	**–**	**–**	**(21,828)**
Depreciation (Note 28)	**(49,686)**	**(164,524)**	**(101,052)**	**(69)**	**–**	**(315,331)**
Reversal of provision (Note 28)	**–**	**486**	**19**	**–**	**–**	**505**
Closing net book amount	**724,083**	**1,053,644**	**286,700**	**444**	**109,172**	**2,174,043**
At 31 December 2009						
Cost	**1,144,237**	**2,518,344**	**820,738**	**6,453**	**109,172**	**4,598,944**
Accumulated depreciation	**(420,154)**	**(1,463,890)**	**(534,038)**	**(6,009)**	**–**	**(2,424,091)**
Accumulated impairment provision	**–**	**(810)**	**–**	**–**	**–**	**(810)**
Net book amount	**724,083**	**1,053,644**	**286,700**	**444**	**109,172**	**2,174,043**

7 Property, plant and equipment – Group (continued)

Depreciation expenses have been charged to the consolidated income statement as follows:

	2009 RMB'000	2008 RMB'000
Cost of sales	**216,404**	225,559
Selling and marketing expenses	**38,082**	25,926
Administrative expenses	**60,845**	49,027
	315,331	300,512

There are no pledge of property, plant and equipment as at 31 December 2009 and 2008.

The Group's buildings are located in the PRC.

Lease rental income amounting to approximately RMB2.4 million (2008: RMB1.5 million) relating to the lease of buildings are included in the consolidated income statement (Note 27).

8 Intangible assets – Group

	Goodwill RMB'000	Computer Software RMB'000	Sponsorship fee RMB'000	Total RMB'000
At 1 January 2008				
Cost	11,941	4,747	127,078	143,766
Accumulated amortisation	–	(3,079)	(72,488)	(75,567)
Accumulated impairment	(11,941)	–	–	(11,941)
Net book amount	–	1,668	54,590	56,258
Year ended 31 December 2008				
Opening net book amount	–	1,668	54,590	56,258
Additions	–	7,655	–	7,655
Amortisation (Note 28)	–	(940)	(54,590)	(55,530)
Closing net book amount	–	8,383	–	8,383
At 31 December 2008				
Cost	11,941	12,402	127,078	151,421
Accumulated amortisation	–	(4,019)	(127,078)	(131,097)
Accumulated impairment	(11,941)	–	–	(11,941)
Net book amount	–	8,383	–	8,383
Year ended 31 December 2009				
Opening net book amount	**–**	**8,383**	**–**	**8,383**
Additions	**–**	**7,568**	**–**	**7,568**
Amortisation (Note 28)	**–**	**(3,073)**	**–**	**(3,073)**
Closing net book amount	**–**	**12,878**	**–**	**12,878**
At 31 December 2009				
Cost	**11,941**	**19,970**	**127,078**	**158,989**
Accumulated amortisation	**–**	**(7,092)**	**(127,078)**	**(134,170)**
Accumulated impairment	**(11,941)**	**–**	**–**	**(11,941)**
Net book amount	**–**	**12,878**	**–**	**12,878**

8 Intangible assets – Group (continued)

The goodwill of approximately RMB11,941,000 was derived from the acquisitions of subsidiaries in previous years and had been impaired and fully provided for.

The amortisation of computer software and sponsorship fee has been charged to 'administrative expenses' and 'selling and market expenses' at the amount of approximately RMB2,626,000 and RMB447,000 (2008: RMB853,000 and RMB54,677,000) respectively.

9 Interests in subsidiaries – Company

(a) Investment in a subsidiary

	2009 **RMB'000**	2008 RMB'000
Investment, at cost:		
– Unlisted shares	**3,520,201**	3,281,176

The list of the principal subsidiaries of the Company as at 31 December 2009 is set out in Note 39.

(b) Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are unsecured, interest-free and without fixed terms of repayment. The amounts due from subsidiaries represent the amounts paid on behalf of subsidiaries for the purchase of property, plant and equipment.

(c) Loans to subsidiaries

The loans to subsidiaries are unsecured, denominated in USD and repayable within one to seven months with the interest rate equals to the London Inter-bank Offered Rate (the "LIBOR") plus certain credit rating. The carrying amounts of loans to subsidiaries approximate their fair values as at the balance sheet dates.

(d) Loan from a subsidiary

The loan from a subsidiary is unsecured, denominated in USD and repayable within one month with the interest rate equals to LIBOR plus certain credit rating. The carrying amounts of the loan from a subsidiary approximate its fair value as at the balance sheet dates.

10 Interests in jointly controlled entities – Group

	2009 RMB'000	2008 RMB'000
At 1 January	**306,448**	235,382
Additions	**57,667**	71,800
Disposal	**(1,872)**	–
Share of profits/(losses)	**84,397**	(734)
At 31 December	**446,640**	306,448

The particulars of the jointly controlled entities of the Group as at 31 December 2009, all of which are unlisted, are set out as follows:

Company name	Country/place and date of incorporation	Paid-up capital	Equity interest attributable to the Group 2009	2008	Principal activities
今麥郎飲品(北京)有限公司 (Jinmailang Beverage (Beijing) Co., Ltd.*) ("Jinmailang JV")	Beijing, PRC, 28 October 2005	RMB742,600,000	**50%**	50%	Manufacturing and sale of beverages
蘇州工業園區華穗創業投資管理有限公司 (United Advisor Venture Management Co., Ltd.*) ("United Advisor Venture Management")	Suzhou, PRC, 18 July 2008	RMB1,000,000	**50%**	50%	Investment management and advisory services
煙台統利飲料工業有限公司 (Yantai Tongli Beverage Industries Co., Ltd. *) ("Yantai Tongli")	Yantai, PRC, 9 June 2009	USD8,786,400	**50%**	–	OEM processing and sales of various types of beverages, fruit juice, tea, etc.
桂林紫泉飲料工業有限公司 (Guilin Ziquan Beverage Industries Co., Ltd. *) ("Guilin Ziquan")	Guilin, PRC, 24 July 2009	USD9,000,000	**45%**	–	Production of various types of beverage including fruit, vegetable, tea and coffee etc.
北京统一麒麟飲料有限公司 (Beijing President Kirin Beverage Corporation*) ("Beijing Kirin")	Beijing, PRC, 11 February 2004	USD3,000,000	**–**	50%	Manufacturing and sale of beverages

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

10 Interests in jointly controlled entities – Group (continued)

In 2009, the Group disposed its entire interests in Beijing Kirin to the Chinese investor at a consideration of approximately USD462,000 (equivalent to approximately RMB3,162,000).

The additions of the interests in jointly controlled entities during the year ended 31 December 2009 included RMB30,000,000 for the set up of Yantai Tongli with Yantai North Andre Juice Co., Ltd. ("Andre Juice"), an associated company of the Group (Note 11), and RMB27,667,000 for the set up of Guilin Ziquan with a third party. Both entities are Sino-foreign equity joint ventures in the PRC and will engage in the production of beverage products for the Group and other parties.

The results, assets and liabilities of the Group's jointly controlled entities are as follows:

Name	Total assets RMB'000	Total liabilities RMB'000	Net assets value RMB'000	Net assets value attributable to the Group RMB'000	Revenues RMB'000	Net profit/ (losses) RMB'000	Profit/ (losses) attributable to the Group RMB'000
Year ended 31 December 2009							
Jinmailang JV	**1,558,625**	**784,405**	**774,220**	**387,110**	**1,416,503**	**165,953**	**82,977**
Yantai Tongli	**59,620**	**–**	**59,620**	**29,810**	**–**	**(380)**	**(190)**
Guilin Ziquan	**61,481**	**–**	**61,481**	**27,667**	**–**	**–**	**–**
United Advisor Venture Management	**7,926**	**3,819**	**4,107**	**2,053**	**10,319**	**3,221**	**1,610**
	1,687,652	**788,224**	**899,428**	**446,640**	**1,426,822**	**168,794**	**84,397**
Year ended 31 December 2008							
Jinmailang JV	1,536,702	928,428	608,274	304,137	1,028,047	6,547	3,274
Beijing Kirin	13,827	10,091	3,736	1,868	25,757	(7,901)	(3,951)
United Advisor Venture Management	886	–	886	443	–	(114)	(57)
	1,551,415	938,519	612,896	306,448	1,053,804	(1,468)	(734)

As at 31 December 2009, the Group and the other equity holder of Jinmailang JV provided guarantees in proportion of their respective equity interests in Jinmailang JV for the bank borrowings and finance leases of Jinmailang JV. The respective guarantees provided by the Group amounted to approximately RMB207 million (2008: RMB247 million) (Note 36).

11 Interests in associated companies – Group

	31 December 2009	31 December 2008
Listed securities	**1,436**	–
Unlisted securities	**289,101**	–
	290,537	–

11 Interests in associated companies – Group (continued)

The movements in interests in associated companies are as follows:

	2009	2008
At 1 January	–	–
Acquisition of an associated company (Note (a))		
– Increase in investment	158,836	–
– Transfer from available-for sale financial assets and the related fair value reserve	48,224	–
– Share of pre-acquisition profits and reserves of an associated company	16,114	–
New investment in an associated company (Note (b))	73,500	–
Share of post-acquisition results	(1,658)	–
Dividends received	(4,479)	–
At 31 December	290,537	–

Notes:

(a) On 21 April 2009, the Group completed the acquisition of an additional 451,130,807 domestic legal person shares (not publicly tradable) of Yantai North Andre Juice Co., Ltd. ("Andre Juice"), representing approximately 10.58% of the total issued share capital of Andre Juice, at a cash consideration of approximately RMB158,836,000. Andre Juice is a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. After the acquisition, the Group holds approximately 25.44% of the total domestic legal person shares, together with the 2,370,000 H-shares originally held by the Group, the Group's aggregate interest in the total issued share capital of Andre Juice increased from approximately 4.43% to 15.00%. The Group started to have a significant influence over Andre Juice and therefore accounted for the investment in Andre Juice from an available-for-sale financial asset to interest in an associated company.

(b) In April 2009, the Group and other third party investors established a Sino-foreign cooperative joint venture company, China F&B Venture Investments (華穗食品創業投資企業) ("China F&B"), for the purpose of investments in companies engaging in food and beverage business in the PRC. According to the joint venture agreement, the Group has agreed to subscribe, in aggregate 39.74% of the registered capital of China F&B, at a total subscription price of RMB245,000,000. As at 31 December 2009, the Group has made capital contribution of RMB73,500,000, representing 30% of the committed subscription.

The Group's share of the results of its associated companies and their aggregated assets and liabilities after adjustments for fair value, are as follows:

Name	Country of incorporation	Total assets RMB'000	Total liabilities RMB'000	Net assets RMB'000	Revenues RMB'000	Net profit /(losses) RMB'000	Interest held
Year ended 31 December 2009							
Andre Juice	PRC	391,804	169,871	221,933	89,588	3,274	15.00%
China F&B	PRC	68,604	–	68,604	–	(4,932)	39.74%
		460,408	169,871	290,537	89,588	(1,658)	

12 Available-for-sale financial assets – Group and Company

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**394,657**	231,164	**245,630**	–
Additions	**177**	255,118	**177**	255,118
Disposals	**(52,955)**	–	**(49,076)**	–
Dividends received	**–**	(8,111)	**–**	(8,111)
Transfer to interests in associated companies	**(35,042)**	–	**(627)**	–
Fair value changes taken to equity, net (Note 20)	**140,771**	(83,514)	**138,969**	(1,377)
At 31 December	**447,608**	394,657	**335,073**	245,630

During the year ended 31 December 2009, the Group disposed off certain available-for-sale financial assets and realised a gain of RMB 14,310,000 (Note 26), after offsetting a fair value loss of RMB10,461,000 transfered from reserve recognised previously.

The available-for-sale financial assets of the Group are stated at fair value and include the following:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Listed securities				
Want Want	**322,206**	220,360	**322,206**	220,360
Others	**12,867**	25,270	**12,867**	25,270
	335,073	245,630	**335,073**	245,630
Unlisted securities				
Andre Juice(Note 11(a))	**–**	34,415	**–**	–
Wondersun Dairy	**111,802**	110,000	**–**	–
Others	**733**	4,612	**–**	–
	112,535	149,027	**–**	–
	447,608	394,657	**335,073**	245,630

The Group's investments in listed securities mainly comprise investments in 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 Stocks Exchange. The fair values of the listed securities are determined based on the quoted market prices at the balance sheet date.

In addition, the Group holds 9% (2008: 9%) equity interests in 黑龍江省完達山乳業股份有限公司 (Heilongjiang Wondersun Dairy Joint Stock Co., Ltd.*) ("Wondersun Dairy"), an unlisted PRC domestic enterprise engaged in the manufacturing and sale of dairy products.

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

12 Available-for-sale financial assets – Group and Company (continued)

The fair value of the unlisted equity interests in Wondersun Dairy is determined with reference to a valuation based on a combination of income approach and market approach (Note 3.1(a)(ii)).

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

None of the financial assets were impaired as at the balance sheet dates.

13 Deferred income tax – Group

The analysis of deferred tax assets and deferred tax liabilities is as follow:

	2009 RMB'000	2008 RMB'000
Deferred income tax assets		
– Deferred income tax assets to be recovered within 12 months	**94,575**	76,430
– Deferred income tax assets to be recovered after more than 12 months	**9,946**	8,050
	104,521	84,480
Deferred income tax liabilities		
– Deferred income tax liabilities to be recovered after more than 12 months	**17,119**	–
Deferred income tax assets, net	**87,402**	84,480

The gross movements in the deferred income tax accounts are as follows:

	2009 RMB'000	2008 RMB'000
At 1 January	**84,480**	37,082
Charged in the consolidated income statement (Note 31)	**5,139**	34,419
Tax (charge)/credit relating to components of other comprehensive income (Note 20)	**(2,217)**	12,979
At 31 December	**87,402**	84,480

13 Deferred income tax – Group (continued)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Impairment provision of assets RMB'000	Depreciation of equipment RMB'000	Accrued expenses RMB'000	Downward adjustment in fair value of available-for-sale financial assets RMB'000	Unused tax loss benefit RMB'000	Total RMB'000
At 1 January 2008	3,381	3,611	27,061	3,265	8,879	46,197
Recognised in the consolidated income statements	24,593	4,439	6,148	–	(761)	34,419
Credited directly to other comprehensive income	–	–	–	3,864	–	3,864
At 31 December 2008	**27,974**	**8,050**	**33,209**	**7,129**	**8,118**	**84,480**
Recognised in the consolidated income statements	**2,078**	**(2,055)**	**26,181**	**–**	**(3,946)**	**22,258**
Charged directly to other comprehensive income	**–**	**–**	**–**	**(2,217)**	**–**	**(2,217)**
At 31 December 2009	**30,052**	**5,995**	**59,390**	**4,912**	**4,172**	**104,521**

Deferred income tax liabilities

	Withholding tax RMB'000	Upward adjustment in fair value of available-for-sale financial assets RMB'000	Total RMB'000
At 1 January 2008	–	9,115	9,115
Charged directly to other comprehensive income	–	(9,115)	(9,115)
At 31 December 2008	**–**	**–**	**–**
Recognised in the consolidated income statement	**17,119**	**–**	**17,119**
At 31 December 2009	**17,119**	**–**	**17,119**

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately RMB41,162,000 (2008: RMB35,511,000) in respect of tax losses amounting to approximately RMB203,642,000 (2008: RMB170,982,000) as at 31 December 2009 that can be carried forward against future taxable income. Tax losses amounting to approximately RMB18,585,000, RMB19,999,000, RMB56,377,000, RMB65,564,000 and RMB43,117,000 will expire in the following five years, respectively.

13 Deferred income tax – Group (continued)

According to the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at a rate of 10% (or 5% of the foreign investor which is incorporated in HongKong or other places as stipulated by the New CIT Law) upon the distribution of such profits to foreign investors. Deferred income tax liabilities of RMB17,119,000 (2008: Nil) have been recognised for the withholding tax that would be payable on the estimate of earnings of certain subsidiaries incorporated in the PRC for 2009 that are expected to be distributed in the foreseeable future.

14 Inventories – Group

	2009 **RMB'000**	2008 RMB'000
Raw materials	**192,670**	143,628
Working in progress	**35,413**	23,265
Finished goods	**306,619**	265,184
Consumables	**153,286**	119,390
	687,988	551,467

The cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB4,544 million (2008: RMB5,203 million).

The Group recognised a loss of approximately RMB636,000 (2008: RMB2,702,000) (Note 28) for the year ended 31 December 2009, in respect of the write-down of inventories to their net realisable values. These amounts have been included in 'cost of sales' in the consolidated income statement.

15 Trade and bills receivables – Group

	2009 **RMB'000**	2008 RMB'000
Trade receivables from independent third parties	**275,850**	231,873
Less: provision for impairment	**(8,152)**	(12,114)
Trade receivables from independent third parties, net	**267,698**	219,759
Trade receivables from related parties (Note 38(b))	**5,060**	1,513
Bills receivable from independent third parties	**–**	237
Trade and bills receivables, net	**272,758**	221,509

15 Trade and bills receivables – Group (continued)

The credit terms granted to customers by the Group are usually 60 to 90 days (2008: 60 to 90 days). The ageing analysis of trade receivables is as follows:

	2009 RMB'000	2008 RMB'000
Trade receivables, gross		
– Within 90 days	**249,299**	198,966
– 91-180 days	**27,179**	24,631
– 181-365 days	**1,790**	3,267
– Over 1 year	**2,642**	6,522
	280,910	233,386

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2009 RMB'000	2008 RMB'000
Trade receivables, gross		
– RMB	**279,705**	228,907
– USD	**1,071**	4,295
– HKD	**134**	184
	280,910	233,386

The carrying amounts of the trade and bills receivables approximate their fair values as at the balance sheet dates.

As at 31 December 2009, trade receivables of approximately RMB54 million (2008: RMB49 million) are impaired and the amount of the provision for impairment is approximately RMB8.2 million (2008: RMB12.1 million). The impairment is firstly assessed individually for individual significant or long ageing balances, and the remaining balances are grouped for collective assessment according to their ageing and historical default rates as these customers are of similar credit risk characteristics. The ageing of these receivables is as follows:

	2009 RMB'000	2008 RMB'000
Trade receivables, gross		
– Within 90 days	**22,482**	14,631
– 91-180 days	**27,179**	24,631
– 181-365 days	**1,790**	3,267
– Over 1 year	**2,642**	6,522
	54,093	49,051

15 Trade and bills receivables – Group (continued)

The Group recognises provision for impairment of trade and bills receivables in 'administrative expenses' in the consolidated income statements. The movements in provision for impairment are as follows:

	2009 RMB'000	2008 RMB'000
At 1 January	12,114	13,573
Receivables written off as uncollectible	(3,137)	(1,884)
(Reversal of provision)/provision for impairment of trade receivables (Note 28)	(825)	425
At 31 December	8,152	12,114

The maximum exposure of the Group to credit risk at the reporting date is the fair value of trade and bills receivables as mentioned above. The Group does not hold any collateral as security.

16 Prepayments, deposits and other receivables – Group and Company

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Prepayments – advance payments to suppliers	128,734	117,319	–	–
Prepaid and deductible value added tax and other taxes	54,531	29,276	–	–
Prepaid lease, insurance and other operating expenses	19,747	14,415	79	82
Amounts due from related parties (Note 38(b))	18,196	13,688	–	–
Investment in a financial product	–	30,000	–	–
Others	26,222	40,788	1,378	193
	247,430	245,486	1,457	275
Less: provision for impairment	(100,000)	(100,000)	–	–
	147,430	145,486	1,457	275

16 Prepayments, deposits and other receivables – Group and Company (continued)

The investment in a financial product as at 31 December 2008 represented investment in an un-listed interest bearing financial product issued by a commercial bank. The financial product had a maturity period of three months, and had been fully settled in January 2009.

The provision for impairment included a full provision of RMB100 million for impairment of advance payments made to a supplier, Guangdong Zhong Gu Tang Ye Group Company Limited ("Zhong Gu"), in 2008. Zhong Gu entered into bankrupt procedure at the end of 2009. Up to the date of approval of these consolidated financial statements, the Group has not collected back any amount.

The carrying amounts of deposits and other receivables approximate their fair values as at the balance sheet dates.

17 Pledged bank deposits – Group and Company

The pledged bank deposits as at 31 December 2009 and 2008 represented deposits at banks pledged as security for the issue of letter of credit facilities and bills of the Group.

18 Cash and cash equivalents – Group and Company

	Group		**Company**	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**2,081,973**	2,078,479	**53,728**	150,176
Short-term bank deposits	**1,277,815**	1,194,380	**17,182**	5,177
	3,359,788	3,272,859	**70,910**	155,353

As at 31 December 2009, the effective weighted average rate of the short-term bank deposits of the Group was 1.79% (2008: 2.73%) per annum. These deposits have an average maturity of 58 days (2008: 46 days) but could be withdrawn anytime without restriction.

As at 31 December 2009, cash and cash equivalents are denominated in the following currencies:

	Group		**Company**	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
– RMB	**3,269,326**	2,234,075	**–**	–
– USD	**34,502**	1,021,546	**20,162**	141,319
– HKD	**52,364**	15,224	**50,748**	14,034
– Others	**3,596**	2,014	**–**	–
	3,359,788	3,272,859	**70,910**	155,353

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currency and remittance of RMB out of the PRC are subject to the rules and regulations of exchange controls promulgated by the PRC authorities.

19 Share capital and premium account – Group and Company

(a) Share capital and share premium account

	Authorised		
	Number of ordinary shares	Share capital HKD'000	Equivalent to RMB'000
At 31 December 2008 and 2009	50,000,000,000	500,000	440,240

	Issued and fully paid				
	Number of shares	Share capital HK'000	Equivalent to RMB'000	Share premium account RMB'000	Total RMB'000
At 31 December 2007	3,526,810,000	35,268	33,370	1,960,248	1,993,618
Proceeds from shares issued upon the exercise of over-allotment option	72,635,000	726	677	283,732	284,409
At 31 December 2008 and 2009	3,599,445,000	35,994	34,047	2,243,980	2,278,027

On 4 January 2008, the over-allotment option referred to in the prospectus of the Company dated 17 December 2007 for the Listing was 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 and net proceed of approximately HKD305,347,000 (equivalent to approximately RMB284,409,000) was generated by the Company.

(b) 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 10% of the total number of shares in issue by the Company from time to time. 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 grate of the option. The Scheme will remain in force until 16 December 2017.

Up to 31 December 2009, no share options have been granted under the Scheme.

20 Other reserves – Group and Company

Group

	Capital reserves RMB'000	Fair value reserves RMB'000	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2008	1,813,305	38,331	240,193	1,099,380	3,191,209
Profit for the year	–	–	–	343,841	343,841
Disposal transfer – revaluation reserve of property, plant and equipment acquired in business combinations	–	(272)	–	272	–
Fair value losses on available-for-sale financial assets					
– gross (Note 12)	–	(83,514)	–	–	(83,514)
– tax (Note 13)	–	12,979	–	–	12,979
Appropriation to statutory reserves	–	–	66,661	(66,661)	–
Balance at 31 December 2008	**1,813,305**	**(32,476)**	**306,854**	**1,376,832**	**3,464,515**
Profit for the year	**–**	**–**	**–**	**704,882**	**704,882**
Disposal transfer – revaluation reserve of property, plant and equipment acquired in business combinations	**–**	**(507)**	**–**	**507**	**–**
Movements upon reclassification of an investment from available-for-sale financial asset to associated company					
– Transfer of fair value loss on available-for-sale financial asset previously taken to reserve					
– gross	**–**	**13,182**	**–**	**–**	**13,182**
– tax (Note 13)	**–**	**(1,858)**	**–**	**–**	**(1,858)**
– Share of pre-acquisition profits and reserves of associated company	**4,226**	**–**	**–**	**11,888**	**16,114**
Transfer of fair value loss previously taken to reserve to income statement upon disposal of available-for-sale financial assets	**–**	**10,461**	**–**	**–**	**10,461**
Fair value gains on available-for-sale financial assets					
– gross (Note 12)	**–**	**140,771**	**–**	**–**	**140,771**
– tax (Note 13)	**–**	**(359)**	**–**	**–**	**(359)**
Appropriation to statutory reserves	**–**	**–**	**86,433**	**(86,433)**	**–**
Dividends relating to 2008, paid	**–**	**–**	**–**	**(171,909)**	**(171,909)**
Balance at 31 December 2009	**1,817,531**	**129,214**	**393,287**	**1,835,767**	**4,175,799**

20 Other reserves – Group and Company (continued)

Company

	Contributed surplus RMB'000	Fair value reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
Balance at 1 January 2008	2,054,310	–	(23,844)	2,030,466
Loss for the year	–	–	(98,433)	(98,433)
Fair value losses on available-for-sale financial assets	–	(1,377)	–	(1,377)
Balance at 31 December 2008	**2,054,310**	**(1,377)**	**(122,277)**	**1,930,656**
Profit for the year	**–**	**–**	**324,099**	**324,099**
Movements upon reclassification of an investment from available-for-sale financial asset to associated company				
– Transfer of fair value loss on available-for-sale financial asset previously taken to reserve	**–**	**809**	**–**	**809**
Transfer of fair value loss previously taken to reserve to income statement upon disposal of available-for-sale financial assets	**–**	**10,461**	**–**	**10,461**
Fair value gains on available-for-sale financial assets	**–**	**138,969**	**–**	**138,969**
Dividends relating to 2008, paid	**–**	**–**	**(171,909)**	**(171,909)**
Balance at 31 December 2009	**2,054,310**	**148,862**	**29,913**	**2,233,085**

(a) Capital reserves

Capital reserves of the Group mainly represent the contributions from and distributions to the equity holder of the Group prior to the listing of shares of the Company pursuant to the reorganisation for the purpose of the Listing.

(b) Fair value reserves

Fair value reserves of the Group comprise of changes in fair value of available-for-sale financial assets and reserves arising from business combinations.

20 Other reserves – Group and Company (continued)

(c) Statutory reserves

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit as reported in their respective statutory financial statements after offsetting accumulated losses from prior years, before profit distributions to equity holder. All statutory reserves are created for specific purposes.

PRC subsidiaries incorporated as wholly-foreign owned enterprises and domestic companies are required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of their post-tax profits of the current year, until the statutory surplus reserve is not less than 50% of its registered capital. In addition, at the discretion of the respective boards of directors, these companies may allocate a portion of their post-tax profits to the staff welfare and bonus reserve and discretionary surplus reserve. PRC subsidiaries incorporated as Sino-foreign equity joint venture companies may allocate a portion of their statutory post-tax profits to the statutory reserves at the discretion of the respective boards of directors.

The statutory surplus reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. The use of the staff welfare and bonus reserve is restricted to employees' welfare benefits.

21 Deferred government grants – Group

	2009 **RMB'000**	2008 RMB'000
At 1 January	**5,956**	8,673
Amortisation, credited into other income	**(2,717)**	(2,717)
At 31 December	**3,239**	5,956
At end of year		
Cost	**13,371**	13,371
Accumulated amortisation	**(10,132)**	(7,415)
Net book amount	**3,239**	5,956

22 Other long-term liability – Group

Other long-term liability represented the Group's 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. The carrying amounts of other long-term liability as at 31 December 2008 had been fully settled during 2009.

23 Trade and bills payables – Group

	2009 RMB'000	2008 RMB'000
Trade payables		
– to independent third parties	**462,272**	477,843
– to related parties (Note 38(b))	**43,130**	33,168
	505,402	511,011
Bills payable		
– to independent third parties	**1,989**	1,992
	507,391	513,003

The credit terms granted by suppliers to the Group are usually 30 to 45 days. The ageing analysis of trade payables is as follows:

	2009 RMB'000	2008 RMB'000
Trade payables		
– Within 180 days	**497,751**	502,987
– 181 to 365 days	**5,060**	1,862
– Over 1 year	**2,591**	6,162
	505,402	511,011

Majority of the trade and bills payables are denominated in RMB. Their carrying amounts approximate their fair values as at the balance sheet dates.

24 Other payables and accruals – Group and Company

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Accruals for promotion and advertising expenses	**434,244**	320,495	**–**	–
Advance receipts from customers	**229,417**	133,542	**–**	–
Salary and welfare payables	**188,059**	138,720	**1,656**	572
Payables for purchase of equipment	**73,874**	21,151	**5,969**	19,364
Quality guarantee deposits from suppliers	**64,177**	64,233	**–**	–
Other taxes and levies payable	**33,544**	27,435	**–**	–
Others	**118,481**	115,563	**2,342**	3,112
	1,141,796	821,139	**9,967**	23,048

The carrying amounts of other payables and accruals approximate their fair values as at the balance sheet dates.

25 Borrowings – Group

	2009 RMB'000	2008 RMB'000
Current:		
Short term bank borrowings – unsecured	**–**	8,562

The carrying amounts of the borrowings as at 31 December 2008 were denominated in USD and approximated their fair values as at the balance sheet date. The borrowings were at floating interest rates and the effective weighted average interest rate at year end was 2.66% per annum.

The Group has the following undrawn bank borrowing facilities:

	2009 RMB'000	2008 RMB'000
RMB facilities	**988,366**	1,397,504
USD facilities	**290,198**	370,759
HKD facilities	**22,013**	22,048
	1,300,577	1,790,311

All of the Group's undrawn bank borrowing facilities will expire within one year with floating rate.

26 Other gains/(losses) – net

	2009 RMB'000	2008 RMB'000
Gain on disposal of a jointly controlled entity (Note 10)	**1,290**	–
Gain on disposal of available-for-sales financial assets	**14,310**	–
(Losses)/gains on disposal of property, plant and equipment, net	**(2,253)**	1,075
Others	**1,840**	(5,503)
	15,187	(4,428)

27 Other income

	2009 RMB'000	2008 RMB'000
Government grants	**29,944**	37,637
Sales of raw materials	**14,680**	13,634
Rental income from lease of property, plant and equipment (Note 7)	**2,395**	1,495
Consultation service income (Note 38(a))	**3,507**	1,088
Dividend income from available-for-sales financial assets	**10,405**	3,135
Others	**1,335**	5,213
	62,266	62,202

The government grants income represent both the amortisation of deferred government grants (Note 21) and other subsidy income received from various local governments as rewards to the operation of certain subsidiaries.

28 Expenses by nature

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

	2009 RMB'000	2008 RMB'000
Raw materials, packaging materials, consumables and purchased commodity used	**4,502,230**	5,167,872
Changes in inventories of finished goods	**41,435**	34,869
Manufacturing outsourcing expenses	**164,146**	137,934
Promotion and advertising expenses	**1,209,764**	1,013,453
Employee benefit expenses, including directors' emoluments	**1,016,162**	881,335
Transportation expenses	**472,878**	477,564
Amortisation of leasehold land	**4,152**	3,855
Depreciation of property, plant and equipment	**315,331**	300,512
Amortisation of intangible assets	**3,073**	55,530
Operating lease in respect of buildings	**84,815**	65,904
Property tax and other taxes	**31,656**	33,646
Reversal of provision for impairment of property, plant and equipment	**(505)**	(1,164)
Write-down of inventories to net realisable value	**636**	2,702
(Reversal of provision)/provision for impairment of receivables	**(825)**	100,425
Auditors' remunerations	**6,433**	5,252
Others	**567,908**	500,105
Total	**8,419,289**	8,779,794

29 Employee benefit expenses, including directors' emoluments

	2009 RMB'000	2008 RMB'000
Wages and salaries	**873,655**	760,460
Pension and other social welfare	**108,206**	95,481
Staff quarters and housing benefit	**26,591**	18,814
Other benefit	**7,710**	6,580
	1,016,162	881,335

(a) Directors' emoluments

During the years ended 31 December 2009 and 2008, the remuneration of directors of the Company is as follows:

Name of Director	Fees RMB'000	Salary and bonuses RMB'000	Travelling allowance RMB'000	Total RMB'000
2009				
Executive directors				
Mr. Lo Chih-Hsien (羅智先)	55	327	6	388
Mr. Lin Wu-Chung (林武忠)	48	1,307	6	1,361
Non-executive directors				
Mr. Kao Chin-Yen (高清愿)	89	–	–	89
Mr. Lin Chang-Sheng (林蒼生)	75	–	6	81
Mr. Lin Lung-Yi (林隆義)	75	–	6	81
Mr. Su Tsung-Ming (苏崇銘)	41	–	–	41
Independent Non-executive directors				
Mr. Chen Sun-Te (陳聖德)	205	–	–	205
Mr. Fan Ren-Da (范仁達)	205	–	–	205
Mr. Hwang Jenn-Tai (黃鎮台)	205	–	–	205
Mr. Yang Ing-Wuu (楊英武)	205	–	–	205
Mr. Peter Lo (路嘉星)	205	–	–	205
	1,408	1,634	24	3,066

29 Employee benefit expenses, including directors' emoluments (continued)

(a) Directors' emoluments (continued)

Name of Director	Fees RMB'000	Salary and bonuses RMB'000	Travelling allowance RMB'000	Total RMB'000
2008				
Executive directors				
Mr. Lo Chih-Hsien (羅智先)	55	332	6	393
Mr. Lin Wu-Chung (林武忠)	48	1,221	6	1,275
Non-executive directors				
Mr. Kao Chin-Yen (高清愿)	90	–	–	90
Mr. Lin Chang-Sheng (林蒼生)	76	–	6	82
Mr. Lin Lung-Yi (林隆義)	76	–	6	82
Mr. Su Tsung-Ming (苏崇銘)	42	–	–	42
Independent Non-executive directors				
Mr. Chen Sun-Te (陳聖德)	208	–	–	208
Mr. Fan Ren-Da (范仁達)	208	–	–	208
Mr. Hwang Jenn-Tai (黃鎮台)	208	–	–	208
Mr. Yang Ing-Wuu (楊英武)	208	–	–	208
Mr. Peter Lo (路嘉星)	208	–	–	208
	1,427	1,553	24	3,004

There were no arrangements under which a director waived or agreed to waive any remuneration during the year.

(b) Five highest paid individuals

The five individuals whose emoluments are the highest in the Group for the year ended 31 December 2009 include one (2008: one) director, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2008: four) individuals during the year are as follows:

	2009	2008
Basic salaries, housing allowances, other allowances and benefits in kind (RMB'000)	**3,762**	4,107
In the band of:		
Nil to HKD1,000,000 (equivalent Nil to RMB881,000)	**2**	2
HKD1,000,001 to HKD2,000,000 (equivalent RMB881,001 to RMB1,761,000)	**2**	2

30 Finance income/(costs) – net

	2009 RMB'000	2008 RMB'000
Finance income – interest income on cash and cash equivalents	**50,824**	80,873
Interest expenses on short-term bank borrowings	**(581)**	(5,566)
Net foreign exchange losses	**(3,285)**	(151,976)
Finance costs	**(3,866)**	(157,542)
Finance income/(costs) – net	**46,958**	(76,669)

31 Income tax expense

	2009 RMB'000	2008 RMB'000
Current tax		
– Mainland China Corporate Income Tax	**196,728**	132,726
Deferred tax	**(5,139)**	(34,419)
	191,589	98,307

The Company is 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.

Effective from 1 January 2008, the Company's subsidiaries incorporated in the PRC are subject to Corporate Income Tax ("CIT") in accordance with the New CIT Law as approved by the National People's congress on 16 March 2007 and the Detailed Implementations Regulations of the New CIT Law (the "DIR") as approved by the State Council on 6 December 2007. According to the New CIT Law and DIR, the income tax rates for both domestic and foreign investment enterprises would be unified at 25% effective from 1 January 2008. For enterprises which were established before the publication of the New CIT Law and entitled to preferential treatments of reduced CIT rates granted by relevant tax authorities, the new CIT rate will be gradually increased from the preferential rates to 25% within 5 years after 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires. For enterprises that have not yet benefited from such preferential policies due to their accumulated loss positions, the preferential policies shall be deemed to commence from the 2008 tax year to kick-start the grandfathering period.

Subsidiaries incorporated in Taiwan and Hongkong are subject to income tax at the prevailing rates of 25% and 16.5% (2008: 25% and 16.5%) respectively.

31 Income tax expense (continued)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate in the PRC of 25% (2008: 25%) applicable to profits of the consolidated entities as follows:

	2009 RMB'000	2008 RMB'000
Profit before income tax	**896,471**	442,148
Tax calculated at the statutory tax rate in the PRC	**224,118**	110,537
Tax effects of:		
Change in tax rate due to the New CIT Law	**–**	(3,868)
Preferential tax rates on the profit of certain subsidiaries	**(49,386)**	(61,135)
Tax losses for which no deferred tax asset was recognised	**18,993**	47,754
Share of the results of jointly controlled entities and associated companies	**(20,685)**	184
Expenses not deductible for tax purpose	**1,430**	4,835
Withholding tax on dividends to be distributed from PRC subsidiaries	**17,119**	–
Income tax expense	**191,589**	98,307

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2009			2008		
	Before tax RMB'000	**Tax charge RMB'000**	**After tax RMB'000**	Before tax RMB'000	Tax credit RMB'000	After tax RMB'000
Movements upon reclassification of an investment from available-for-sale financial asset to associated company:						
– Transfer of fair value loss on available-for-sale financial asset previously taken to reserve	**13,182**	**(1,858)**	**11,324**	–	–	–
– Share of pre-acquisition profits and reserves of associated company	**16,114**	**–**	**16,114**	–	–	–
Transfer of fair value loss previously taken to reserve to income statement upon disposal of available-for-sale financial assets	**10,461**	**–**	**10,461**	–	–	–
Fair value gains/(losses)						
– Available-for-sale financial assets	**140,771**	**(359)**	**140,412**	(83,514)	12,979	(70,535)
Other comprehensive income	**180,528**	**(2,217)**	**178,311**	(83,514)	12,979	(70,535)
Deferred tax (Note 13)		**(2,217)**			12,979	
		(2,217)			12,979	

32 Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a profit of approximately RMB324,099,000 (2008: a loss of approximately RMB98,433,000) (Note 20).

33 Earnings per share

Basic

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

	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	**704,882**	343,841
Weighted average number of ordinary shares in issue (thousands)	**3,599,445**	3,597,455
Basic earnings per share (RMB per share)	**19.58 cents**	9.56 cents

Diluted earnings per share is the same as basic earnings per share as there are no potential dilutive ordinary shares of the Company.

34 Dividends

	2009 RMB'000	2008 RMB'000
Proposed final dividend of RMB5.875 cents (2008: RMB2.866 cents) per ordinary share	**211,468**	103,160
Proposed special dividend of RMB3.917 cents (2008: RMB1.910 cents) per ordinary share	**140,990**	68,749
	352,458	171,909

The directors of the Company recommend the payment of a final dividend of RMB5.875 cents (2008: RMB2.866 cents) and a special dividend of RMB3.917 cents (2008: RMB1.910 cents) per ordinary share, totalling approximately RMB352,458,000 (2008: RMB171,909,000) for the year ended 31 December 2009. Such dividends are to be approved by the shareholders of the Company at the Annual General Meeting to be held on 4 June 2010. These consolidated financial statements do not reflect these dividends payable.

35 Cash generated from operations

	2009 RMB'000	2008 RMB'000
Profit before income tax	**896,471**	442,148
Adjustments for:		
– Share of (profits)/losses of jointly controlled entities (Note 10)	**(84,397)**	734
– Share of losses of associated companies (Note 11)	**1,658**	–
– Gains on disposal of available-for-sales financial assets (Note 26)	**(14,310)**	–
– Gains on disposal of a jointly controlled entity (Note 26)	**(1,290)**	–
– Gains on disposal of a financial product (Note 16)	**(315)**	–
– Amortisation of leasehold land (Note 6)	**4,152**	3,855
– Depreciation of property, plant and equipment (Note 7)	**315,331**	300,512
– Amortisation of intangible assets (Note 8)	**3,073**	55,530
– Losses/(gains) on disposal of property, plant and equipment (Note 26)	**2,253**	(1,075)
– Reversal of provision for impairment of property, plant and equipment (Note 7)	**(505)**	(1,164)
– Write-down of inventories to net realisable value (Note 14)	**636**	2,702
– (Reversal of provision)/provision for impairment of receivables (Note 15 and 16)	**(825)**	100,425
– Interest income (Note 30)	**(50,824)**	(80,873)
– Interest expenses (Note 30)	**581**	5,566
– Foreign exchange losses (Note 30)	**3,285**	161,411
– Dividend income from available-for-sales financial assets (Note 27)	**(10,405)**	(3,135)
	1,064,569	986,636
Changes in working capital:		
– Increase in pledged bank deposits	**(13,824)**	(10,803)
– (Increase)/decrease in trade and bills receivables	**(50,424)**	17,602
– Decrease in prepayments, deposits and other receivables	**(33,122)**	(89,133)
– (Increase)/decrease in inventories	**(137,157)**	12,918
– (Decrease)/increase in trade and bills payables	**(5,612)**	41,785
– Increase/(decrease) in other payables and accruals	**265,217**	(85,213)
Cash generated from operations	**1,089,647**	873,792

36 Contingent liabilities

	2009 RMB'000	2008 RMB'000
Guarantees to a related party	**206,820**	246,691

As at 31 December 2009, the Group provides guarantees for the bank borrowings and finance leases of Jinmailang JV, a jointly controlled entity (Note 10).

37 Commitments

(a) Capital commitments

The Group's capital commitments in respect of property, plant and equipment are as follows:

	2009 RMB'000	2008 RMB'000
Contracted but not provided for	**74,235**	21,187
Authorised but not contracted for	**456,723**	280,405
	530,958	301,592

There is no capital commitment of the Company as at 31 December 2009.

(b) Operating lease commitments

The Group is the lessee:

The Group leases buildings under non-cancellable lease agreements. The Group's future aggregate minimum lease payments under these non-cancellable operating leases are as follows:

	2009 RMB'000	2008 RMB'000
Not later than 1 year	**13,777**	22,578
Later than 1 year and not later than 5 years	**18,445**	14,048
	32,222	36,626

37 Commitments (continued)

(b) Operating lease commitments (continued)

The Group is the lessor:

The Group leases out certain office premises, plant and equipment under non-cancellable operating lease agreements. The leases have various terms and renewal rights. The future aggregate minimum rental receivables under these non-cancellable operating leases are as follows:

	2009 RMB'000	2008 RMB'000
Not later than 1 year	**945**	945
Later than 1 year and not later than 5 years	**2,835**	3,780
	3,780	4,725

(c) Investment commitments

As at 31 December 2009, the Group has commitments in respect of capital contribution to investments as follows:

(i) Pursuant to a subscription agreement entered into in July 2005, the Group was committed to subscribe up to 15% equity interests in Wondersun Dairy for a subscription amount of RMB300,000,000 in aggregate. The Group paid the first phase subscription of approximately RMB136,364,000 for 9% equity interests in Wondersun Dairy in 2006 (Note 12). Pursuant to a supplementary subscription agreement entered into on 12 July 2007, it was agreed that the Group will not proceed with the second phase subscription as agreed under the original subscription agreement in July 2005. However, the Group retains the first right of refusal to the subscription of new shares of Wondersun Dairy in the future subject to the terms and conditions thereafter.

(ii) In June 2008, the Group entered into an agreement with other investors in respect of the establishment of a Sino-foreign joint venture company in the PRC for the purpose of investments in companies engaging in food and beverage business in the PRC. The subject joint venture company, China F&B, was set up in April 2009. Pursuant to the agreement, the Group has agreed to subscribe, in aggregate, 39.74% of the registered capital of China F&B at a total subscription price of RMB245,000,000. As at 31 December 2009 and up to the date of approval of these consolidated financial statements, the Group has made capital injection of RMB73,500,000. The remaining investment commitment amounts to RMB171,500,000 (Note 11(b)).

(iii) In June 2009, the Group and Andre Juice, an associated company (Note 11(a)) establish Yantai Tongli, a jointly controlled entity, in Shandong Province, the PRC to engage in the business of OEM processing and sales of various types of beverages. Pursuant to the joint venture agreement, the Group has agreed to subscribe 50% of the registered capital of Yantai Tongli at a total subscription price of RMB50,000,000. As at 31 December 2009, the Group has made a capital injection of RMB30,000,000. The remaining commitment of RMB20,000,000 has been fully paid up by the Group, up to the date of approval of these consolidated financial statements.

38 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 统一企业股份有限公司 (Uni-President Enterprises Corporation*) ("Uni-President"), a company listed on the Taiwan Stock Exchange. The directors of the Company are of the view that the subsidiaries of Uni-President, the jointly controlled entities and associated companies of the Group are regarded as related parties.

(a) Transactions with related parties:

The following transactions are carried out with related parties:

	Note	2009 RMB'000	2008 RMB'000
Sales of goods:	(i)		
Subsidiaries of Uni-President		**54,680**	17,580
Jointly controlled entities of the Group		**29**	3,329
		54,709	20,909
Purchase of raw materials and finished goods:	(i)		
Subsidiaries of Uni-President		**564,010**	490,497
Jointly controlled entities of the Group		**36,224**	41,127
Associated companies of the Group	(ii)	**1,984**	2,640
		602,218	534,264
Consultation service income:	(iii)		
Subsidiaries of Uni-President		**335**	360
Jointly controlled entities of the Group		**3,172**	728
		3,507	1,088
Rental income:	(iv)		
A subsidiary of Uni-President		**2,295**	1,082

Notes:

(i) The above sales and purchases are carried out in accordance with the terms of the underlying agreements.

(ii) In April 2009, Andre Juice became an associated company of the Group. The corresponding transactions for the year ended 31 December 2008 were presented for comparative purpose.

(iii) 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 agreements made between the parties.

(iv) Rental income represents income from lease of property and is charged in accordance with the terms of agreements made between the parties.

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

38 Related party transactions (continued)

(b) Balances with related parties:

The Group has the following significant balances with its related parties as at 31 December 2009:

	2009 RMB'000	2008 RMB'000
Balances due from related parties:		
Trade receivables (Note 15):		
Subsidiaries of Uni-President	**5,060**	1,513
Prepayments and other receivables (Note 16):		
Subsidiaries of Uni-President	**18,140**	13,211
Jointly controlled entities of the Group	**56**	477
	18,196	13,688
Total	**23,256**	15,201
Balances due to related parties:		
Trade payables (Note 23):		
Subsidiaries of Uni-President	**43,130**	31,878
Jointly controlled entities of the Group	**–**	1,290
Total	**43,130**	33,168

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 balance sheet dates.

(c) Key management compensation:

	2009 RMB'000	2008 RMB'000
Salaries, bonus and other welfares	**5,780**	6,667

39 Subsidiaries

The following sets out the details of the principal subsidiaries of the Company as at 31 December 2009.

Company name	Country/place and date of incorporation	Issued and paid-up capital	Equity interest held 2009	Equity interest held 2008	Principal activities/place of operation
Directly owned					
Uni-President Asia Holdings Ltd. ("Asia President")	Cayman islands 29 June 2006	USD214,470,000	**100%**	100%	Investment holding/ Cayman islands
Indirectly owned					
统一企业(中国)投資有限公司 (Uni-President Enterprises (China) Investments Ltd.*) ("President China Investment")	Shanghai, PRC. 10 March 1998	USD456,620,000	**100%**	100%	Investment holding/PRC
新疆统一企业食品有限公司 (Xinjiang President Enterprises Food Co., Ltd.*) ("Xinjiang President")	Urumqi, PRC. 13 January 1992	USD25,500,000	**100%**	100%	Manufacturing and sale of beverages, foods and instant noodles/PRC
北京统一食品有限公司 (Beijing President Enterprises Food Co., Ltd. *) ("Beijing Food President")	Beijing, PRC. 2 April 1992	USD23,400,000	**100%**	100%	Manufacturing and sale of instant noodles/PRC
成都统一企业食品有限公司 (Chengdu President Enterprises Food Co., Ltd.*) ("Chengdu President")	Chengdu, PRC. 14 April 1993	USD50,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
昆山统一企业食品有限公司 (Kunshan President Enterprises Food Co., Ltd.*) ("Kunshan President")	Kunshan, PRC. 14 May 1993	USD59,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
武汉统一企业食品有限公司 (Wuhan President Enterprises Food Co., Ltd. *) ("Wuhan President")	Wuhan, PRC. 7 July 1993	USD44,600,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
广州统一企业有限公司 (Guangzhou President Enterprises Corp.*) ("Guangzhou President")	Guangzhou, PRC. 5 December 1994	USD60,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
沈阳统一企业有限公司 (Shenyang President Enterprises Co., Ltd.*) ("Shenyang President")	Shenyang, PRC. 15 June 1995	USD29,900,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC

39 Subsidiaries (continued)

Company name	Country/place and date of incorporation	Issued and paid-up capital	Equity interest held 2009	Equity interest held 2008	Principal activities/place of operation
Indirectly owned					
合肥统一企业有限公司 (Hefei President Enterprises Co., Ltd.*) ("Hefei President")	Hefei, PRC. 23 February 1998	USD20,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
哈尔滨统一企业有限公司 (Harbin President Enterprises Co., Ltd.*) ("Harbin President")	Harbin, PRC. 26 February 1998	USD25,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
北京统一飲品有限公司 (Beijing President Enterprises Drinks & Food Co., Ltd.*) ("Beijing Beverages President")	Beijing, PRC. 20 February 2001	USD17,500,000	**100%**	100%	Manufacturing and sale of beverages/PRC
南昌统一企业有限公司 (Nanchang President Enterprises Co., Ltd.*) ("Nanchang President")	Nanchang, PRC. 18 May 2001	USD22,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
福州统一企业有限公司 (Fuzhou (President Enterprises Co., Ltd.*) ("Fuzhou President")	Fuzhou, PRC. 19 July 2001	USD20,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
四川弘通商貿有限責任公司 (Sichuan (Hongtong Commercial Trading Co., Ltd.*) ("Sichuan Hongtong")	Chengdu, PRC. 5 February 2002	RMB2,000,000	**100%**	100%	Wholesale of beverages, instant noodles and food products/PRC
鄭州统一企业有限公司 (Zhengzhou President Enterprises Co., Ltd.*) ("Zhengzhou President")	Zhengzhou, PRC. 25 June 2002	USD37,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
广州统一健康食品科技有限公司 (Guangzhou President Health Biotechnology Corp. *) ("Guangzhou President Health Biotechnology")	Guangzhou, PRC. 4 November 2003	USD8,500,000	**100%**	100%	Manufacturing and sale of beverages/PRC

39 Subsidiaries (continued)

Company name	Country/place and date of incorporation	Issued and paid-up capital	Equity interest held 2009	Equity interest held 2008	Principal activities/place of operation
Indirectly owned					
统一(上海)商貿有限公司 (President (Shanghai) Trading Co., Ltd.*) ("President Shanghai Trading")	Shanghai, PRC. 17 October 2005	USD8,600,000	**100%**	100%	Trading of beverages, instant noodles and food products/ PRC
统仁实业股份有限公司 (Tong Ren Corp. Limited*) ("Tong Ren")	Taiwan 28 December 2006	NTD1,000,000	**100%**	100%	Human resource management/Taiwan
昆明统一企业食品有限公司 (Kunming President Enterprises Food Co., Ltd.*) ("Kunming President")	Kunming, PRC. 8 November 2007	USD20,000,000	**100%**	100%	Manufacturing and sale of beverages and instant noodles/PRC
皇茗資本有限公司 (Champ Green Capital Limited.) ("Champ Green Capital")	Hong Kong 5 June 2008	HKD1,000,000	**100%**	100%	Investment holding/Hong Kong
巴马统一企业有限公司 (Bama President Enterprises Co., Ltd.)("Bama President")	Bama, PRC. 20 February 2009	USD4,150,000	**100%**	–	Manufacturing and sale of beverages/PRC
统一企业香港控股有限公司 (Uni-President HongKong Holdings Ltd.)("HongKong President")	Hongkong 30 April 2009	HKD100	**100%**	–	Investment holding and trading
皇茗企业管理咨询(上海)有限公司 (Champ Green (Shanghai) Consulting Co, Ltd.)("Champ Green Consulting")	Shanghai, PRC. 12 May 2009	USD30,000	**100%**	–	Management Consulting

All subsidiaries located in the PRC, Taiwan and Hong Kong are limited liability entities. One subsidiary incorporated in Cayman Islands is an exempted company with limited liability.

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

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)