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)
(Stock Code: 220)

ANNOUNCEMENT OF 2013 FINAL RESULTS

- Revenue amounted to RMB23,329.0 million, up by 9.0%
- Group gross margin of 33.3%, down by 1.3 percentage points
- EBITDA of RMB2,303.8 million, up by 19.2%
- Profit attributable to equity holders of the Company of RMB916.4 million, up by 7.1%
- Proposed final dividend for 2013 of RMB5.092 cents per share

CHAIRMAN'S STATEMENT

Looking back at 2013, we saw a year with extremely complicated economic situations, in which the People's Republic of China (the "PRC") has entered a period of structural adjustments, and economic development was experiencing greater downward pressure. GDP in 2013 grew by 7.7% on a year-on-year basis, indicating a slight drop of the growth rate. Nevertheless, the PRC economy still maintained a growth which is relatively sound and stable as compared with other regions/countries. In face of the structural adjustments in economy, the growth in food and beverage industry slowed down significantly in 2013.

The solid operating foundation, the sound financial position, the core competitiveness and efficient operating management allowed us to expand our market share and accomplish the operating targets set by the board (the "Board") of directors (the "Directors") of Uni-President China Holdings Ltd. (the "Company") through organisational advancement and increased marketing. In order to achieve the corporate goals, we have stepped up our internal structural reforms, continuously improved our product mix and enhanced our management. The continual improvement of product portfolio and profitability was regarded as the most important element in assessing segment performance. Through stringent control over operating expenses and streamlined operations, our overall competitiveness was enhanced with higher organisational efficiency. Meanwhile, we also continued to set up production bases in preparation for the opportunities of market development in the long run.

The Company and its subsidiaries (the "Group") strived to adhere to the strategy of focused operation so as to bring continuous enhancements to our brand value. In 2013, through cautious steps, tremendous confidence and effective execution, the Group was successful in generating a revenue of RMB23.329 billion, representing a 9.0% increase year on year, and a profit attributable to shareholders of RMB916.4 million, representing a 7.1% increase on a year-on-year basis.

In 2013, we continued to follow the strategy of developing the mid-to-high end instant noodles market. The overall revenue from instant noodles hit a historic record of RMB7,825.9 million, with a 7.7% growth on a year-on-year basis. Our focused operation by putting emphasis on particular products was proven to be effective. "Lao Tan Pickled Cabbage and Beef Flavoured Noodles (老壇酸菜牛肉麵)" has become the top-selling flavoured noodles in the PRC. "Braised Beef Flavoured Noodles (滷肉麵)", our second key product, has become another growth driver in our instant noodles business since its launch.

In the beverage business, the Group recorded a revenue of RMB15,151.5 million in 2013, with a 8.9% growth on a year-on-year basis. Tea drinks business grew in spite of economic downturn, the revenue growth from juice drinks outperformed the industry and the milk tea segment showed continuous growth. The market shares of all the above product lines kept increasing steadily, with "Uni Milk Tea (統一奶茶)" maintaining its leading position in the market share.

DIVIDENDS

Based on the overall performance of the Group in 2013 and after considering the profits, overall financial condition and capital expenditure of the Group, the Board will recommend a payment of final cash dividend of RMB5.092 cents (with a total dividend of RMB183,282,000) per share at the forthcoming annual general meeting of the Company.

FUTURE PROSPECTS

We expect a stable growth in the economy of the PRC in 2014 with a GDP growth rate of 7.5%. With the gradual implementation of economic structural adjustments, and the effect of economical benefits from urbanisation starting to show, we hold an optimistic view on the steady growth of the food and beverage market. The Group will continue with its strategy of focused operation by following the directions of urbanisation planning, and place emphasis in key markets. Meanwhile, the Group will keep abreast of market trends and consumers' preferences, and develop high-end products to meet consumers' needs. The momentum for the growth of the Group's performance in the long-run will be established to bring reasonable returns to all shareholders.

ACKNOWLEDGEMENT

The stable development of the Group rides on the staunch support and concerted efforts of different parties. On behalf of the Board, I hereby extend my sincere gratitude to our clients, suppliers, business partners, financial institutions and shareholders for their full support and to our staff for their dedications and contributions over the past year.

Lo Chih-Hsien
Chairman

18 March 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	**2013**	2012
		RMB'000	*RMB'000*
Revenue	3	**23,328,991**	21,405,723
Cost of sales	4	**(15,549,362)**	(14,003,879)
Gross profit		**7,779,629**	7,401,844
Other gains – net		**669,417**	118,664
Other income		**279,631**	214,231
Other expenses	4	**(131,236)**	(87,276)
Selling and marketing expenses	4	**(6,824,978)**	(6,043,037)
Administrative expenses	4	**(840,036)**	(722,909)
Operating profit		**932,427**	881,517
Finance income		**179,121**	116,701
Finance costs		**(83,945)**	(52,877)
Finance income – net	5	**95,176**	63,824
Share of profit of investments accounted for using the equity method		**88,445**	131,588
Profit before income tax		**1,116,048**	1,076,929
Income tax expense	6	**(199,636)**	(221,041)
Profit for the year and attributable to equity holders of the Company		**916,412**	855,888
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	7	**25.46 cents**	23.78 cents
Dividends	8	**183,282**	171,178

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Profit for the year		**916,412**	855,888
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Transfer of fair value gains previously taken to reserve to income statement upon disposal of available-for-sale financial assets		**(284,827)**	(14,039)
Fair value gains on available-for-sale financial assets, net of tax		**10,705**	98,981
Transfer of fair value loss previously taken to reserve to income statement upon impairment of available-for-sale financial assets, net of tax		**–**	12,925
Other comprehensive income for the year, net of tax		**(274,122)**	97,867
Total comprehensive income for the year and attributable to equity holders of the Company		**642,290**	953,755

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	**2013**	2012
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Land use right		**2,113,888**	1,426,756
Property, plant and equipment		**10,185,899**	7,911,655
Investment properties		**249,365**	167,880
Intangible assets		**16,571**	6,937
Investments accounted for using the equity method		**1,500,116**	1,329,572
Available-for-sale financial assets		**192,026**	586,272
Deferred income tax assets		**191,718**	173,070
Other receivables – non-current portion		**10,627**	20,418
		14,460,210	11,622,560
Current assets			
Inventories		**1,513,512**	1,284,940
Trade receivables	9	**548,101**	512,579
Prepayments, deposits and other receivables		**1,026,099**	824,261
Pledged bank deposits		**5,941**	4,664
Cash and cash equivalents		**1,413,929**	2,290,809
		4,507,582	4,917,253
Total assets		**18,967,792**	16,539,813

	Note	2013 RMB'000	2012 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**34,047**	34,047
Share premium account		**2,243,980**	2,243,980
Other reserves			
– Proposed dividends		**183,282**	171,178
– Others		**5,680,859**	5,221,863
Total equity		**8,142,168**	7,671,068
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		**156,989**	161,111
Borrowings		**5,101,644**	3,562,321
Other payables – non-current portion		**230,971**	197,130
		5,489,604	3,920,562
Current liabilities			
Trade and bills payables	10	**1,409,968**	1,441,944
Other payables and accruals		**2,914,704**	2,995,557
Borrowings		**902,341**	408,558
Current income tax liabilities		**65,733**	102,124
Derivative financial instruments		**43,274**	–
		5,336,020	4,948,183
Total liabilities		**10,825,624**	8,868,745
Total equity and liabilities		**18,967,792**	16,539,813
Net current liabilities		**(828,438)**	(30,930)
Total assets less current liabilities		**13,631,772**	11,591,630

NOTES TO THE 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 P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, 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 18 March 2014.

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, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

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.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new and amended standards, and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2013 and have a material impact to the Group:

- Amendment to HKAS 1 'Financial statement presentation' is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

- HKFRS 10 'Consolidated financial statements'. The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The Group assessed that adoption of HKFRS 10 did not result in any change in the consolidation status of its subsidiaries.

- HKAS 27 (revised 2011) 'Separate financial statements'. It includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

- HKFRS 11 'Joint arrangements. It is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- HKAS 28 (revised 2011) 'Associates and joint ventures'. It includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

- HKFRS 12 'Disclosure of interests in other entities'. It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- HKFRS 13 'Fair value measurements'. It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

The following new and amended standards, and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2013 but not currently relevant or do not have material impact to the Group (although they may affect the accounting for future transactions and events):

- Amendment to HKFRS 1, 'First time adoption', on government loans.

- Amendment to HKFRSs 10, 11 and 12, on transition guidance.

- Amendment to HKAS 19, 'Employee benefits'.

- Amendments to HKRS 7, 'Financial instruments: Disclosures' on asset and liability offsetting.

- HK(IFRIC) – Int 20, 'Stripping costs in the production phase of a surface mine'.

The above new and amended standards are not expected to have any significant impact on the Group's financial statements.

(b) New and amended standards have been issued but are not effective for the financial year beginning after 1 January 2013 and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendment to HKAS 36, 'Impairment of assets' on recoverable amount disclosures' addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- HKFRS 9 ‘Financial Instruments’ is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply.

- HK(IFRIC) 21 ‘Levies’ is an interpretation of HKAS 37, ‘Provisions, contingent liabilities and contingent assets’. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 REVENUE AND SEGMENT INFORMATION

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue.

The segment information for the year ended 31 December 2013 and 2012 is as follows:

	2013				
	Beverages	**Instant noodles**	**Others**	**Unallocated**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment results					
Revenue	**15,151,525**	**7,825,918**	**351,548**	**–**	**23,328,991**
Segment profit/(loss)	**848,693**	**(142,648)**	**22,403**	**203,979**	**932,427**
Finance income – net					**95,176**
Share of profit of investments accounted for using the equity method	**102,771**	**–**	**–**	**(14,326)**	**88,445**
Profit before income tax					**1,116,048**
Income tax expense					**(199,636)**
Profit for the year					**916,412**
Other segment items included in the income statement					
Depreciation and amortisation	**787,499**	**235,494**	**42,548**	**38,288**	**1,103,829**
Segment assets and liabilities					
Assets	**10,526,599**	**3,541,663**	**161,543**	**3,237,871**	**17,467,676**
Interests in joint ventures and associates	**1,276,601**	**–**	**–**	**223,515**	**1,500,116**
Total assets					**18,967,792**
Liabilities	**2,965,611**	**1,372,883**	**43,214**	**6,443,916**	**10,825,624**
Total liabilities					**10,825,624**
Capital expenditure	**3,431,043**	**860,640**	**55,799**	**398,823**	**4,746,305**

	2012				
	Beverages	Instant noodles	Others	Unallocated	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment results					
Revenue	13,913,636	7,269,580	222,507	–	21,405,723
Segment profit/(loss)	764,385	225,258	(3,430)	(104,696)	881,517
Finance income – net					63,824
Share of profit of investments accounted for using the equity method	134,630	–	–	(3,042)	131,588
Profit before income tax					1,076,929
Income tax expense					(221,041)
Profit for the year					855,888
Other segment items included in the income statement					
Depreciation and amortisation	545,295	207,448	6,476	43,803	803,022
Segment assets and liabilities					
Assets	8,337,870	2,903,484	134,662	3,834,225	15,210,241
Interests in joint ventures and associates	1,109,851	–	–	219,721	1,329,572
Total assets					16,539,813
Liabilities	2,971,311	1,515,471	28,356	4,353,607	8,868,745
Total liabilities					8,868,745
Capital expenditure	2,739,487	780,130	18,502	39,889	3,578,008

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, investment properties and affiliated land use rights.

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

Capital expenditure comprised additions to land use right, property, plant and equipment, investment properties and intangible assets.

4 EXPENSES BY NATURE

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

	2013	2012
	RMB'000	*RMB'000*
Raw materials, packaging materials, consumables and purchased commodity used	**13,710,213**	12,243,362
Changes in inventories of finished goods	**(193,089)**	1,422
Manufacturing outsourcing expenses	**193,739**	184,914
Promotion and advertising expenses	**2,872,955**	2,790,366
Employee benefit expenses, including directors' emoluments	**3,029,623**	2,503,129
Transportation expenses	**1,085,568**	980,069
Amortisation of land use right	**40,178**	32,605
Depreciation of property, plant and equipment	**1,051,457**	761,713
Depreciation of investment properties	**6,714**	5,301
Amortisation of intangible assets	**5,480**	3,403
Operating lease in respect of buildings	**198,955**	171,663
City construction tax, property tax and other tax surcharges	**239,669**	212,517
Reversal of provision for impairment of property, plant and equipment	**(27)**	(307)
Provision/(reversal of) for impairment of trade receivables	**792**	(2,769)
Provision for impairment of an available-for-sale financial asset	**–**	16,786
Write-down/(reversal of provision) of inventories to net realisable value	**9,507**	(10,003)
Auditors' remunerations	**7,054**	7,018
Others	**1,086,824**	955,912
Total	**23,345,612**	20,857,101

5 FINANCE INCOME – NET

	2013	2012
	RMB'000	*RMB'000*
Finance income – interest income on cash and cash equivalents	**76,504**	102,710
Net foreign exchange gains	**102,617**	13,991
	179,121	116,701
Interest expenses on bank borrowings	**(93,610)**	(63,280)
Less: amounts capitalized on qualifying assets	**9,665**	10,403
	(83,945)	(52,877)
Finance income – net	**95,176**	63,824

6 INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
Current income tax		
– Current tax on profit for the year	**225,715**	243,580
Deferred income tax	**(26,079)**	(22,539)
	199,636	221,041

(a) Mainland China enterprise income tax ("EIT")

Subsidiaries established in Mainland China are subject to EIT at rate of 25% during the year (2012: 25%).

According to the Caishui (2011) No. 58 "The notice on the tax policies of further implementation of the western region development strategy issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs" (財稅[2011]58號"關於深入實施西部大開發戰略有關稅收政策問題的通知"), companies set up in the western region and falling into certain encouraged industry catalogue promulgated by the PRC government will be entitled to a preferential tax rate of 15%. Some of the Group's subsidiaries in the PRC set up in the western development region and fall into the encouraged industry catalogue are entitled to the above said preferential tax rate of 15% during the year.

(b) Other income tax

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

Subsidiaries incorporated in Taiwan and Hong Kong are subject to income tax at the prevailing rates of 17% and 16.5% (2012: 17% and 16.5%) respectively.

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% (2012: 25%) applicable to profits of the consolidated entities as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**1,116,048**	1,076,929
Tax calculated at the statutory tax rate in the PRC	**279,012**	269,232
Tax effects of:		
Preferential tax rates on the profits of certain subsidiaries	**(31,181)**	(24,135)
Utilisation of previously unrecognized tax losses	**(16,467)**	(10,987)
Tax losses for which no deferred tax asset was recognized	**22,668**	17,850
Income not subject to tax	**(56,144)**	(32,897)
Expenses not deductible for tax purpose	**1,748**	1,978
Income tax expense	**199,636**	221,041

7 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.

	2013	2012
Profit attributable to equity holders of the Company *(RMB'000)*	**916,412**	855,888
Weighted average number of ordinary shares in issue *(thousands)*	**3,599,445**	3,599,445
Basic earnings per share *(RMB per share)*	**25.46 cents**	23.78 cents

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

8 DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend of RMB5.092 cents (2012: RMB4.756) per ordinary share	**183,282**	171,178

The dividends paid by the Company in 2013 and 2012 amounted to RMB171,190,000 (RMB4.756 cents per share) and RMB93,582,000 (RMB2.600 cents per share) respectively.

A dividend in respect of the year ended 31 December 2013 of RMB5.092 cents per share, amounting to a total dividend of RMB183,282,000, is to be proposed at the annual general meeting to be held on 16 May 2014. These financial statements do not reflect this dividend payable.

9 TRADE RECEIVABLES – GROUP

	2013	2012
	RMB'000	*RMB'000*
Trade receivables from independent third parties	**523,045**	508,693
Less: provision for impairment	**(7,115)**	(6,346)
Trade receivables from independent third parties, net	**515,930**	502,347
Trade receivables from related parties	**32,171**	10,232
Trade receivables, net	**548,101**	512,579

The credit terms granted to customers by the Group are usually 60 to 90 days (2012: 60 to 90 days). The ageing analysis of trade receivables is as follows:

	2013	2012
	RMB'000	*RMB'000*
Trade receivables, gross		
– Within 90 days	**518,024**	489,653
– 91 to 180 days	**35,832**	27,755
– 181 to 365 days	**554**	1,250
– Over one year	**806**	267
	555,216	518,925

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

	2013	2012
	RMB'000	*RMB'000*
Trade receivables, gross		
– RMB	**547,641**	512,190
– USD	**5,206**	5,437
– HKD	**2,369**	1,298
	555,216	518,925

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

As at 31 December 2013, trade receivables of approximately RMB97.6 million (2012: RMB73.5 million) were impaired and the amount of the provision for impairment was approximately RMB7.1 million (2012: RMB6.3 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:

	2013	2012
	RMB'000	*RMB'000*
Trade receivables, gross		
– Within 90 days	**60,402**	44,262
– 91 to 180 days	**35,832**	27,755
– 181 to 365 days	**554**	1,250
– Over one year	**806**	267
	97,594	73,534

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

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**6,346**	9,115
Receivables written off as uncollectible	**(23)**	–
Provision for/(reverse of) impairment of trade receivables	**792**	(2,769)
At 31 December	**7,115**	6,346

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

10 TRADE AND BILLS PAYABLES – GROUP

	2013	2012
	RMB'000	*RMB'000*
Trade payables		
– to independent third parties	**1,240,400**	1,202,767
– to related parties	**169,568**	239,177
	1,409,968	1,441,944

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

	2013	2012
	RMB'000	*RMB'000*
Trade payables		
– Within 180 days	**1,392,232**	1,423,589
– 181 to 365 days	**11,720**	10,275
– Over 1 year	**6,016**	8,080
	1,409,968	1,441,944

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

11 EVENT OCCURRING AFTER THE BALANCE SHEET DATE

On 23 January 2014, the Group issued 3.6% notes at a principal value of RMB 1 billion in Taiwan. The notes have a three years term and will be fully repayable by 23 January 2017.

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC ENVIRONMENT

The global economy was complicated in 2013 while structural adjustment was underway in the PRC. Despite the slower growth rate, economy in the PRC is still relatively sound and stable, with GDP in 2013 grew by 7.7% year-on-year, in comparison with other regions/countries. Foods and beverage industry in the PRC were affected by structural adjustments in economy with increased downward pressure, resulting in a slower growth rate in 2013.

BUSINESS REVIEW

In 2013, the Group adhered to the policies of focused and streamlined operations. We recorded stable revenue growth in our instant noodles and beverage businesses, outpacing average industry growth rate. Our key instant noodle product "Lao Tan Pickled Cabbage and Beef Flavoured Noodles (老壇酸菜牛肉麵)" was ranked the first among other spicy flavoured instant noodles in terms of sales. In terms of beverage business, our tea drinks business managed to grow amid the contractions in the market in general, while our revenues from juice drinks and milk tea businesses recorded continuous growth. The market shares of all the categories above increased steadily. The principal activities of the Group are set out below.

FINANCIAL RESULTS

For the year ended 31 December 2013 (the "Year"), the Group recorded a revenue of RMB23,329.0 million, representing an increase of 9.0% from RMB21,405.7 million for the corresponding period last year. Revenue from the instant noodles and beverages products increased by 7.7% and 8.9% to RMB7,825.9 million and RMB15,151.5 million respectively, accounting for 33.5% and 64.9% respectively of the Group's total revenue. During the Year, owing to resources put to enhance competition advantages of the products, gross profit of the Group increased by 5.1% from RMB7,401.8 million to RMB7,779.6 million while gross profit margin decreased by 1.3 percentage points from 34.6% for the corresponding period of last year to 33.3%.

During the Year, in light of the proactive efforts of the Group in brand building to create brand value, development of sales network to stabilise and expand its customer base, the selling and marketing expenses for the Year increased by 12.9% to RMB6,825.0 million (2012: RMB6,043.0 million). During the Year, administrative expenses amounted to RMB840.0 million (2012: RMB 722.9 million), which was mainly attributable to corresponding increase in expenses from new production base construction and capacity expansion. During the Year, share of profit of investments accounted for using the equity method were decreased to RMB88.4 million (2012: RMB131.6 million) due to the slight decrease in earnings of Jinmailang Beverage Corporate Limited* (今麥郎飲品股份有限公司) during the Year.

During the Year, profit attributable to equity holders of the Company was RMB916.4 million, representing an increase of 7.1% as compared with RMB855.9 million of the corresponding period last year, and earnings per share were RMB25.46 cents (2012: RMB23.78 cents).

Instant Noodles Business

Our instant noodles business continued to maintain stable growth during 2013 with a revenue of RMB7,825.9 million for the year, representing a year-on-year growth of 7.7%. According to ACNielsen, the market share of our instant noodles business rose by 1.4 percentage points from 15.8% in 2012 to 17.2% in 2013, being the fastest growth for four consecutive years in the industry. With our effective and focused operating strategy, our key product, "Lao Tan Pickled Cabbage and Beef Flavoured Noodles (老壇酸菜牛肉麵)", continued to rank the first among Chinese spicy instant noodle in terms of sales in 2013. The second key product, "Braised Beef Flavoured Noodles (滷肉麵)", also maintained a rapid growth and became another key instant noodles flavour of the Group.

ACNielsen reported that sales amount of instant noodles in general grew only 2.6% and the sales volume declined by 1.3% in 2013 as compared to the corresponding period last year, with a slower market growth in general. The increase in sales amount has exceeded that in sales volume for several years continuously, clearly indicating an undergoing industry upgrade generally. Mid-to-high-priced instant noodles will become increasingly popular in the future. The Group has already shifted the focus to mid-to-high-priced instant noodles and has been following a "value-oriented marketing (價值行銷)" strategy since the second half of 2008. We set ourselves to offer noticeably unique and high value-added products to consumers, and oriented by "innovation", have introduced new flavours for recent years which tend to lead the trend of the general market. Our key product, "Lao Tan Pickled Cabbage and Beef Flavoured Noodles", has changed the overall pattern of instant noodles flavour, and since its introduction, has been very popular among consumers, which led market players to compete for the pickled cabbage flavoured noodles market, and thus changed the spicy flavour market structure. The share of pickled cabbage flavoured noodles ranked the first in the spicy market and the second in the general market. Our "Lao Tan Pickled Cabbage and Beef Flavoured Noodles" was able to maintain its leading position in the industry according to ACNielsen. Our second key product, "Braised Beef Flavoured Noodles", initiated braised beef flavours, which saw a rapid growth according to ACNielsen. Since its launch in 2011, its market share has improved to the fourth in the general market in 2013. The Group will continue to aggressively expand the mid-to-high-priced instant noodles market and to make every effort to develop distinctive products catering for consumers' demand.

In the spicy flavour market, many competitors have also released products similar to our "Lao Tan Pickled Cabbage and Beef Flavoured Noodles" to compete with us. In view of the surge of imitating products that were not made by double fermentation with traditional pickling jars but have also been called "lao tan pickled cabbage flavour", we continued to improve our operating strategy in relation to "Lao Tan Pickled Cabbage and Beef Flavoured Noodles" and advocate our "authenticity of Lao Tan (正宗老壇)" concept. In respect of product quality, we worked with China National Research Institute of Food & Fermentation Industry (中國食品發酵研究院) to research the production process of pickled cabbage, which was the origination in the industry. The Group managed the whole industry chain from cultivation of leaf mustards to cabbage pickling to production and packaging and presented itself as an industry benchmark with its unparalleled "secondary fermentation (二次發酵)" technology. We also actively participated in drafting of the standards in the "seasoning packet for instant noodles (方便麵調味包)" industry. In terms of brand promotion and marketing, we differentiated ourselves from the competing and imitating pickled cabbage flavoured products and strengthened our interaction with consumers. We also promoted and marketed our concept of "Made by 81-day Double Fermentation with Traditional Pickling Jars (傳統老壇，雙重發酵，九九八十一天)" in a full range, and established the image of "Uni-President Lao Tan: Authentic Sourness and Crunchiness (酸爽宗師統一老壇)" in consumers' hearts by the new advertising film's spokesman Mr. Wang Han with his image of "Master". In 2013, we organised a sauerkraut packet factory tour, giving consumers an opportunity to learn more about the production process of our originated and authentic "lao tan pickled cabbage", which was well received by the visitors. Through ongoing interactions with consumers, our "Lao Tan Pickled Cabbage and Beef Flavoured Noodles" broke off the hostile product imitation of many competitors and won in the price competition, thus further reinforcing its leading position in the spicy flavor market.

For the non-spicy flavour market, we continued to develop "Braised Beef Flavoured Noodles", focusing on building the image of "Braised Beef Flavoured Noodles is the Choice for New Generation Consumers (滷肉麵，新一代的選擇)" among consumers, and promoted the concept of "Long-Pickled and Slow-Braised with 18 Selected Pickling Ingredients, Delivering Rich Aroma and Taste (精選十八味滷料，老滷慢燉，香透入味)" by extending our marketing theme of "unbelievably divine taste of such unique product (一滷香天下)". The promotion activities mainly included free tasting events extensively which gave a full demonstration of the "flavour" of the product. In addition, we also via such new media as internet advertising, microblogging and WeChat, actively communicated with the young and called on consumers to choose our new "Braised Beef Flavoured Noodles" when they select non-spicy flavoured noodles. On the other hand, we have committed to capture the market share of "Stewed Beef Flavoured Noodles (紅燒牛肉麵)", as the largest flavour in the non-spicy market. In particular, since late 2013, we have introduced the new upgraded "Stewed Beef Flavoured Noodles" which offer more delicious and heartier products by adding meat, eggs and ham, to attract existing consumers of stewed beef flavour. Leveraging on the maturing brand influence and sales networks of our instant noodles, we have captured the non-spicy flavour market share by the development of both stewed and braised beef flavours.

In terms of food safety, by upholding the principle of "food safety is more important than everything (食安大過天)", in view of consumers' health, since 2013, we have initiated the use of raw paper in both internal and external packages of container of noodles, being the pioneer in the instant noodles industry.

In respect of sales network construction, under the circumstance that consumers were spreading over and gathering in a group of surrounding cities instead of gathering in one single city, we targeted at enhancing sales channels in a group of key cities, particularly focusing on the urban villages and urban fringe zones in those cities, which was roughly completed in 2013. For those areas other than key cities, we focused on wholesale to cover customer base not in our layout areas. Regarding development of new and special channels, in view of the change of travel distances and means of transport, we have focused on and improved the network and operation of highway service areas, high-speed railway stations, airports and tourist attractions, in order to generate additional opportunities for business growth.

Beverage Business

In 2013, the Group recorded a revenue of RMB15,151.5 million from beverage business, representing an increase of 8.9% over 2012. Our strategy has remained as focusing on our main brands and our operation has focused on the enhancement of key cities in terms of channels distribution and construction. In addition to promoting the distribution of effective sales outlets of distributors, we will launch refrigerators and hot drinks machines in key sales outlets in 2014, to improve product sales strength and bring out profit growth momentum. Set out below is the performance of our beverage business by product categories:

Tea Drinks

In 2013, the sales amount and sales volume of tea drinks industry (excluding milk tea) as a whole continued to record a negative growth. According to ACNielsen, sales of milk beverages in general went up by 11.2%, compared with the corresponding period last year. However, sales of tea drinks (excluding milk tea) decreased by 5.7%. There was a noticeable shift in consumer preference between categories of beverages, reflecting significant changes in respect of market segments.

Although the general tea drink market continued its weak trend, the Group's tea drinks business maintained growth amid market downturn, generally outperforming the industry in 2013. It recorded a revenue of RMB6,143.1 million, representing an increase of 9.8% as compared to corresponding period last year. According to ACNielsen, its market share increased by 2.0 percentage points from 22.6% in 2012 to 24.6% in 2013.

In 2013, as lower prices in major raw materials related to tea drinks mitigated pressures on cost, manufacturers successively increased their efforts on promotion, intensifying the market competition. Faced with the complicated competition, the Group's tea drinks business was able to grow amid industry downturn, with remarkable increase of its market share, mainly attributable to the focused operational strategy and adherence to the concept of brand value-oriented marketing. The Group maintained its existing strategy in relation to tea drinks business, focusing on the operations of "Uni Ice Tea (統一冰紅茶)" and "Uni Green Tea (統一綠茶)". In respect of product quality, with the combination of improved packaging and product upgrades, our tea drinks business continued to maintain leading position in terms of consumer preference. In terms of brand promotion and marketing, "Uni Ice Tea" kicked off its celebrity endorsement campaign featuring Avril Lavigne, an international star, together with the thematic activity of "In Pursuit of Unlimited, Dare to Reach Target (極限潮趴，巔峰我敢造)". By taking full advantages of a combination of traditional and internet new media advertisements, we successfully publicised the core brand theme of "Youth Unlimited (年輕無極限)" of "Uni Ice Tea" and enhanced the brand's identity and uniqueness. With the theme of "With My Own Tracks (我有我騎跡)" for "Uni Green Tea", we organised a series of topical activities and events which communicated our brand tagline of "Experience the Nature (親近自然)" via media advertising. The cycling events of "Uni Green Tea" also helped publicise the brand's "taste of new leaves and aromatic tea (嫩茶味，好茶味)", and the naturalness of our products have, conversely, assisted in building up the direct association between "Uni Green Tea = Experience the Nature = Green Cycling (統一綠茶 = 親近自然 = 綠色騎行)" so as to enhance the popularity of the "Uni Green Tea" cycling activities among the consumers.

In 2013, in addition to focusing on its featured products "Uni Ice Tea" and "Uni Green Tea", the Group also arranged to develop new products, such as pure tea and plant tea products, to satisfy the demand of different consumers. By adhering to the concept of nature and health, the Group launched two new product series "Just Tea (茗茗是茶)" and "Natural Intuition (植覺)", which were introduced into the market in the second quarter successively. Under the guidance of our strategy of value-oriented marketing and focused operation, we concentrated "Just Tea" in Shanghai and "Natural Intuition" in the South and the East of China, which were well received by consumers upon their inception, and built a high-valued brand image.

For tea drinks business, the Group will continue to focus on its main products "Uni Ice Tea" and "Uni Green Tea" and continue to put resources on marketing to improve customers' satisfaction and its brand image in 2014. Regarding "Uni Ice Tea", we will upgrade the product with new bottle and new bottle label, adding abundant and smooth flavours such as double lemon, and will continue its celebrity endorsement campaign featuring Avril Lavigne, an international rock star, in respect of brand building, aiming to attract young consumers with the event of "Skateboarding Unlimited" for three consecutive years, together with the thematic activity of "Double Skateboarding Unlimited in Two Cities: Release Yourself (雙城極限潮趴double才夠放)" through organising skateboarding parties. As for "Uni Green Tea", we will encourage consumers to experience the nature in an enjoyable way with various green cycling activities in 2014, building enjoyable cycling culture. Looking into 2014, the Group will continue to focus on the operation of existing tea drinks products and grasp consumer trends to improve the existing market share of tea drinks by intensive operation and multi-pronged approach.

Juice Drinks

Our juice drinks business recorded a revenue of RMB4,258.8 million in 2013, representing a year-on-year increase of 6.6%. In comparison, the growth rate of the sales amount of the juice drinks market in general was only 1.8% in the Year according to ACNielsen. The Group was able to fully utilise celebrity endorsement and outperformed the industry in general by focusing on "More Orange Juice (統一鮮橙多)" under the brand "More Juice Series (統一多果汁)" and "Crystal Sugar Pear Drink (冰糖雪梨)" under the brand "Seasonal Drinks (飲養四季)", with an increase of 0.7 percentage points in the overall market share.

In 2013, by adhering to the promotion theme of "Boosting Your Beauty with Vitamin C (多C多漂亮)" of the "More Juice Series", we organised large meetings to interact with consumers with the influence of spokespersons. By using the new media vehicles such as micro-films and MVs in addition to traditional marketing methods, we drew ourselves and the young consumers closer in order to rejuvenate the brand. "Crystal Sugar Pear Drink", a Chinese traditional health drink, is the main product under the "Seasonal Drinks" series. In 2013, the Group developed "Crystal Sugar Kumquat Drink (冰糖金橘)" flavour, which expanded the product lines and recorded a satisfactory performance since its introduction. With the theme of "quenching and soothing quality (潤心田)" of "Seasonal Drinks", the Group organised a number of thematic events and produced various drinking topics in line with seasonal changes. In addition, as the musical effects of brand spokespersons has continued, the Group built up its brand image by interaction with consumers via music, and obtained favorability and recognition from consumers.

Looking into 2014, our juice drinks business will continue to improve product packaging and flavour to ensure the leading edge of our products. For "More Juice Series", we will continue to use "beauty" as the brand promotion theme and will adopt entertainment marketing method through celebrity endorsement. Regarding "Seasonal Drinks", we will organise a thematic event of the most quenching voice of China to place the music brand theme deeply in the minds of consumers and to provoke emotional resonance of consumers with the idea of love and care. While continuing to expand our existing juice drinks business with focused operations, we will embark on the development of new products on the basis of meeting consumers' demand in order to explore market opportunities.

Milk Tea

Revenue from our milk tea business for 2013 increased by 8.7% as compared with the last year. According to ACNielsen, the market share of "Uni Milk Tea (統一奶茶)" increased by 0.9 percentage point to 62.4% as compared to that for last year, thereby maintaining its market leadership.

In 2013, the Group continued to deepen the brand theme of "Smooth and Joyful Mood (順滑好心情)" for "Uni Milk Tea", and launched a national integrated marketing campaign focusing on "Assam Milk Tea (阿薩姆奶茶)" with the theme of "Go Everywhere with Joyful Mood (大好心情處處綻放)". Ms. Charlene Choi, a Hong Kong artist, has acted as spokesperson for our commercials for Assam Milk Tea for three consecutive years, which were aired on CCTV and regional satellite channels. In addition, the Group organised super and large events around key cities by ground advertising with a view to offering cheerful mood interactive experience with targeted consumers. Our "Uni Milk Tea" continued to lead product innovation. Our newly-introduced "Fried Green Milk Tea (煎茶奶綠)", as the first green tea-based ready-to-drink milk tea in the market, differs from black tea-based products, offering a new milk tea flavour experience. It, after introduction into the market, has obtained recognition from consumers, and attracted another group of consumers, which has expanded the coverage of our milk tea and formed a green milk tea segment. In the late 2013, the Group tapped into high-end milk tea market with the brand "Hiti (希蒂)", which, with unique flavour "Thick Matcha (特濃抹茶)" and a new arc 280ml packaging, captured the consumers group preferring high-quality and full-bodied flavoured milk tea. "Hiti" is distributing in convenience store chains in major cities including Shanghai and Guangzhou. The Group has satisfied various consumers' demand with diversified product mix, driving up the consumption of milk tea products.

Looking into 2014, the Group will continue to concentrate on consumers' demand for "Uni Milk tea" and create a value brand to differentiate its products. Expanding the market size of ready-to-drink milk tea will be its top priority. Our featured product, 500ml packaged Assam Milk Tea will penetrate to county and township markets in major provinces, and 1.5L packaged Assam Milk Tea will satisfy consumers having share-based consumption habits such as at wedding feasts and catering functions, and will be publicised via popular social platforms (e.g. micro-videos, WeChat and micro-blogs) during festivals to boost sales. Our new product "Fried Green Milk Tea" will be focused on key cities, and we will endeavour to develop it to be the second large ready-to-drink milk tea product. In respect of "Hiti", we will continue to promote high-end milk tea market, and will add a new flavour "Hong Kong-style Thick Milk Tea (特濃港式奶茶)", together with "Thick Matcha" flavour, which will advance the new market.

Coffee

Our coffee business maintained a steady growth in 2013 with a year-on-year increase in revenue of 11.4%.

Under the brand “A-Ha (雅哈)”, the refreshing 450ml ice coffee targets at students and young consumers, and the mid-to-high-end aromatic 280ml “Italian Mocha Pot (意式摩卡壺)” series targets at the white collar. In particular, the “Italian Mocha Pot” series, after introduction into the market, received great response in major cities with its Italian Mocha Pot espresso coffee process, aromatic and authentic taste and patented groundbreaking octagonal package showing a traditional mocha pot shape.

In 2014, “A-Ha” Coffee will adhere to its value-oriented and differentiation development strategy, and continue to enhance its brand awareness and reputation. In major cities, the Group will establish a dedicated sales team publicising Mocha Pot espresso coffee process, to enable consumers to develop habits of spending on high quality coffee, so as to advance future development of ready-to-drink coffee, and to build “A-Ha” as one of the leading ready-to-drink coffee brands in the PRC.

Bottled Water

The revenue from our bottled water business for 2013 grew by 47.0% year-on-year, which was mainly attributable to restructuring of product portfolio to focus on the mid-to-high-priced “ALKAQUA” series. The percentage of “ALKAQUA” rose to over 80% of the total revenue of the segment of bottled water, while that of our low-end product “Uni Mineralised Water (統一礦物質水)” in our sales dropped remarkably. We planned to fully exit low-priced mineralised water market in the second half of 2014.

The Group’s bottled water brand, ALKAQUA, recorded a 81.7% growth in revenue as compared to the corresponding period last year, significantly surpassing the overall growth of 16.1% of the general bottled water market according to ACNielson. Due to the noticeable differentiation from similar products in terms of design and positioning, “ALKAQUA” has won the preferences and recognition from its target customers. With the economic growth and the continual improvement in living standard, consumers nowadays have higher requirements for drinking water. To satisfy the affluent consumers in their pursuit of healthy and quality lifestyle, the Group launched “Bama Spring Mineral Water (巴馬泉天然礦泉水)”, a pure and quality water source from Bama, Guangxi (a world-famous town of longevity), in early 2013. “Bama Spring Mineral Water” received 2013 Pentawards Golden Packaging Design Award of “Beverages and Drinking Water” in terms of packages.

The Group will continue to actively look for quality spring water sources across the country and will gradually establish more gardenlike production bases for spring water throughout the country. Leveraging on its nationwide sales network, the Group will increase the scale and efficiency of the sales of its bottled water in order to bring us into the league of leading mid-to-high-priced spring water brands in the PRC.

Research and Development

Under the "Technology-based and Innovation-crucial (科技為本，創新為魂)" principle, the Group's research and development ("R&D") team has dedicated to continuous innovation and the development of products satisfying consumers.

Our R&D team made groundbreaking innovation and improvement of instant noodles in 2013, which tried to use mushrooms, grease and sauce for cooking in line with consumers' eating habits, creating a "braised flavour packet (滷香風味包)" preferred by consumers. Instant noodles combined with such a braised flavour packet, being the first initiative in the industry, have improved the flavour and value of "Braised Beef Flavoured Noodles", and also significantly enhanced customers' satisfaction.

To further strengthen our dominant position in milk tea market, our R&D team overcame the problem technically that green milk tea is vulnerable to discoloration and off-odor and successfully launched the "Fried Green Milk Tea" flavour in August 2013, as well as developed "Thick Matcha" and "Hong Kong-style Thick" milk tea under the "Hiti" series, reinforcing the Group's leading position in the milk tea market for flavour innovation.

In recent years, along with rising consumer spending power and growing health consciousness, our R&D team has successively developed a series of tea drinks such as "Just Tea" and "Natural Intuition" in 2013. "Just Tea" series, which is in line with the market demand for high-end sugarless tea drinks and based on strict selection of high-quality tea leaves and technology, demonstrated pure tea brewing process for industrialised tea drinks. "Roselle Tea (洛神花茶)" and "Honey Chrysanthemum Tea (蜂蜜菊花茶)" under "Natural Intuition" series mainly target at office workers who require healthy and refreshing functions. By selecting health-functional plant materials and leveraging on our exclusive formulation and processing technology, "Roselle Tea" and "Honey Chrysanthemum Tea" successfully retained the inherent flavour and functional components of plants, which catered for consumers' demand for health and new flavours.

Food Safety

In adherence to the motto of "three goods and one fairness: good quality, good credit, good service and fair price (三好一公道：品質好、信用好、服務好、價格公道)", the Group offers safe, healthy and delicious food products to consumers. To enhance the level of food safety management system of the Group, a food safety and health committee and a food safety centre have been established. The committee and the centre focus their efforts on the deployment and establishment of a food safety protection system, the formulation of food safety policies, the promotion of food safety risk assessment, precaution and control so as to ensure food safety. They are responsible for the management of quality assurance as well as the formulation and implementation of quality assurance policies, ensuring product quality.

The Group perfects the control mechanism of supply chain of raw materials with special focus on the food safety management of supply chain source and the food safety control of finished products. The Group implements the food safety qualification audit on suppliers, food safety site appraisal of suppliers and established a control system on raw materials food safety projects to ensure the implementation of food quality safety control at the source of supply chain. The Group conducts qualification inspection on production plants and implemented an on-site assessment and appraisal system. To ensure the safety and deliciousness of our products, all finished products must pass inspections strictly according to regulations before putting on the market and, further, are subject to strict controls on every food safety check.

The Group actively enhances the management of suppliers, formulates standards related to management of pollution-free vegetable bases, and establishes an open sample factory of pickled cabbage packets, being the first initiative in the instant noodles industry, to invite consumers to visit the factory and experience the safety and deliciousness of "Lao Tan Pickled Cabbage" in an open and transparent manner. The Group actively advances the industry food safety standards by introducing in a full range food-grade protogenous paper barrels using virgin pulp for both internal and external packages of barreled instant noodles, ensuring the safety and health of consumers.

The Group closely monitors various food safety incidents and conducts timely risk assessments, carries out inspections on similar raw materials and finished products and improves food safety management system to ensure food safety. It also actively participates in formulating and revising related national standards, collecting and issuing food regulations and domestic and overseas information on food safety to boost awareness of food safety, and facilitating the thorough implementation of food regulations and safety standards with an aim to safeguard the interests of consumers.

Since 2005, the Group's food safety testing centre has passed the annual expert evaluation organised by China National Accreditation Service for Conformity Assessment (CNAS Accreditation) and until now 148 assessments have been granted approval. Combining with the laboratories of our subsidiaries and external assessment units, the Group is able to meet the assessment requirements on the food safety items concerned, providing the Group with professional and authoritative assessment services and technical support to ensure safety of the Group's food products.

By the end of 2013, 20 subsidiaries of the Group have obtained the certification of ISO9001 international standard quality management system and 19 subsidiaries have obtained the certification of ISO22000 international standard food safety management system. Those certifications and awards require enterprises to keep improving their food safety and quality assurance systems and enhancing their capabilities in ensuring food safety. The certifications also show that the Group offers consumers with not only delicious products, but also healthy and safe food products.

FINANCIAL ANALYSIS

Cash and Borrowings

As at 31 December 2013, the Group had a total cash and cash equivalents of RMB1,413.9 million (2012: RMB2,290.8 million), among which 81.9% were denominated in Renminbi. As at 31 December 2013, the Group had pledged bank deposit of RMB5.9 million (2012: RMB4.7 million). Current assets of the Group amounted to RMB4,507.6 million (2012: RMB4,917.3 million) with current liabilities of RMB5,336.0 million (2012: RMB4,948.2 million). Net current liabilities were RMB828.4 million (2012: RMB30.9 million). The Group mainly finances its working capital and capital expenditure by internally generated cash flows, credit facilities from principal bankers and the fund raised by the debt issue of RMB1,000 million notes due 2016. As at 31 December 2013, the Group's total borrowings increased by RMB2,033.1 million to RMB6,004.0 million (2012: RMB3,970.9 million), at floating interest rates, among which 85.0% were repayable over one year and 62.2% were denominated in United States dollar. As at 31 December 2013, all of the Group's borrowings were at floating interest rates save for the RMB1,000 million notes due on 2016 which were at a fixed interest rate of 3.5% per annum. As at 31 December 2013, the Group did not have any secured bank borrowing (2012: Nil).

Financing

In June 2013, RMB1,000 million of 3.50% notes due 2016 (the "Notes") were issued by the Company by way of debt issue to professional investors only. All of the net proceeds (after deducting the related expenses) have been used by the Company as general working capital. The approval for the listing of the Notes (Stock Code: 85927) has been granted by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on, or nearest to, 6 June 2016.

The Group aims to maintain appropriate capital structure. On 17 January 2014, Taiwan Ratings Corporation, a credit rating agency, gave a twAA- long term credit rating to the Group, with "stable" rating outlook on the Group's long term credit rating.

The gearing ratios of the Group as at 31 December 2013 and 2012 were as follows:

	2013	2012
	RMB'000	*RMB'000*
Total borrowings	**6,003,985**	3,970,879
Less: cash and cash equivalents	**(1,413,929)**	(2,290,809)
Net debt	**4,590,056**	1,680,070
Total equity	**8,142,168**	7,671,068
Total capital	**12,732,224**	9,351,138
Gearing ratio	**36.05%**	17.97%

Cash Flow and Capital Expenditure

During the Year, the Group recorded a net decrease in cash and cash equivalents of RMB876.9 million, mainly comprising net cash inflow from operating activities of RMB1,234.1 million, net cash inflow from financing activities of RMB1,975.4 million, and net cash outflow from investing activities of RMB4,083.0 million. The net cash outflow from investing activities was mainly applied to the expansion in scale of production, establishment of new production base, and purchasing machinery and equipment for instant noodles business and beverage business for enhancing the production capacity to satisfy demand due to consumption market expansion and the Group's business growth. During the Year, the Group had capital expenditure of RMB4,746.3 million (2012: RMB3,578.0 million).

Analysis of Operating Efficiency

Sales to most customers are made on a delivery on payment basis. The Group's trade receivables are generated from credit sales to credit customers from modern channels with credit terms normally ranging from 30 to 90 days. For the Year, trade receivables increased by RMB35.5 million to RMB548.1 million. The Group's inventories mainly comprised raw and packaging materials, finished goods and low value consumables. As of 31 December 2013, the inventories balance increased by RMB228.6 million as compared to the beginning of the year. The Group's trade payables mainly arise from credit purchases of raw and packaging materials. For the Year, the Group recorded an decrease in trade payables of RMB32.0 million. Due to the substantial growth in sales performance for the Year, there was an increase in purchase of raw and packaging materials.

	For the year ended 31 December 2013	
	2013	2012
Trade receivables turnover days	**8**	9
Inventories turnover days	**33**	33
Trade payables turnover days	**33**	34

Financial Management and Policy

The Group's financial department formulates financial risk management policies based on the policies and programmes approved by the Board and guided by the executive Director which were reviewed by the Group's internal audit department regularly. The Group's financial policy aims at reducing the impact of interest rate and exchange rate fluctuations on the Group's overall financial position, as well as minimising the Group's financial risk exposure.

The Group's financial department has successfully provided cost-effective funding for the Group and its members through proactive centralised financial risk (including interest rate and foreign exchange risk) and cash flow management. Most of the Group's functional currency is Renminbi since majority of the revenues of it are derived from operations in the PRC. Foreign exchange risk may arise from the future borrowings from overseas and recognised assets or liabilities, such as cash and cash equivalents and borrowings, part of which are denominated in United States dollar and Hong Kong dollar. The Group uses foreign exchange forward contracts outside the PRC for risk management and control of the Group's assets and liabilities when interest or exchange rates were uncertain or fluctuate, or whenever suitable. Our policy is not to engage in speculative derivative financial transactions and not to invest the current capital in financial products with significant underlying leverage or risk, including hedge funds or similar instruments.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2013.

EVENT OCCURRING AFTER THE BALANCE SHEET DATE

On 23 January 2014, the Group issued 3.6% notes at a principal value of RMB1 billion in Taiwan. The notes have a three years term and will be fully repayable by 23 January 2017.

PROSPECTS

While maintaining a cautiously optimistic view on the economy of 2014, the Group will continue to uphold the long-term interests of the shareholders, and seek growth from prudent operation. We will actively adapt to the changing environment, leverage on the benefits of opportunities and optimise investment structure and efficiency so as to improve our operational capability for the continuous creation of shareholders' value in the course of development. Where appropriate, we will continue to pursue strategic alliance and operations outsourcing by shifting certain of its manufacturing process across reliable and specialised service providers so as to enable the Group to use more efficiently its resources for brand promotion, sales channel development, product research and other development of the Group's business in the PRC. In terms of food safety, the Group will strictly adhere to implementation of quality control to ensure products meet safety standards.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 31 December 2013, the Group had 38,453 employees. In view of the huge market opportunities for dairy beverages and food products in the PRC, the Group is actively expanding its foothold on a large scale, thus fuelling a huge demand for talents. It aims at fulfilling the human resources demand arising from the rapid business and production expansion by adopting a more prudent and effective approach in the selection and hiring process. In respect of the new grassroots staff, the Company devotes considerable resources in staff training and monitoring their development and progress in a timely manner in order to familiarise them with the working environment and build up team spirit. Meanwhile, the Company recognises the value of its key personnel in maintaining team morale and competitiveness. Both internal promotion and external recruitment are applied to select and promote top employees for vacant positions and attract qualified candidates to join the Company. On the other hand, the Group ensures the continuity of the senior management by grooming management talents with various measures, such as continuous internal training and appropriate job rotation as well as external on-the-job training.

The emolument policy of the Group is to reward its employees and Directors based on their performance, qualifications, competence displayed, market comparables and the performance of the Group. With regard to the Group's emolument policy, the Group have entered into separate employment contracts with its employees regarding the terms on wages and salaries, national allowances, social security benefits, employee benefits, work place safety and hygiene environment, confidentiality of commercial secrets and termination conditions. Apart from those with middle and senior management officers, the term of the employment contracts ranges from one to three years. New employees are subject to a probationary period of two months.

For the Year, the total staff costs (including Directors' emoluments) were RMB3,029.6 million (2012: RMB2,503.1 million).

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company 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 and has recommended their adoption by the Board.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB5.092 cents per share for the financial year ended 31 December 2013.

The final dividend will be paid in Hong Kong Dollars based on the average exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China for five days prior to the date of the annual general meeting of the Company. The final dividend will be paid on or around Tuesday, 3 June 2014 to shareholders whose names appear on the register of members of the Company on Monday, 26 May 2014.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all code provisions of the corporate governance code (the "Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange during the Year, except for the deviation as disclosed below:

Code Provision A.2.7: Chairman of the Board is required to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Lo Chih-Hsien, the Chairman of the Board, is also an executive Director, the Company has deviated from code provision A.2.7 of the Corporate Governance Code as it is not applicable.

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

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

RE-ELECTION OF DIRECTORS

In accordance with Article 130 of the articles of association of the Company (the "Articles of Association"), each of Mr. Lo Chih-Hsien, Mr. Lin Chang-Sheng, Mr. Chen Sun-Te and Mr. Fan Ren-Da, Anthony shall retire by rotation at the forthcoming annual general meeting of the Company. Mr. Lo Chih-Hsien, Mr. Chen Sun-Te and Mr. Fan Ren-Da, Anthony, being eligible, will offer themselves for re-election. Due to his other business commitments, Mr. Lin Chang-Sheng will not offer himself for re-election at the forthcoming annual general meeting of the Company.

Mr. Chen Kuo-Hui was appointed as an executive Director with effect from 10 August 2013. Pursuant to Article 114 of the Articles of Association, he shall hold office only until the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 May 2014 to Friday, 16 May 2014 (both days inclusive) in order to determine the entitlement of the shareholders of the Company to attend the forthcoming annual general meeting of the Company to be held on Friday, 16 May 2014, during which period no transfer of the shares in the Company will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 9 May 2014.

The register of members of the Company will be closed from Thursday, 22 May 2014 to Monday, 26 May 2014 (both days inclusive) in order to determine the entitlement of shareholders of the Company to receive the final dividend, during which period no transfer of the shares in the Company will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at the above address not later than 4:30 p.m. on Wednesday, 21 May 2014.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Friday, 16 May 2014, the final dividend will be paid on or around Tuesday, 3 June 2014.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The consolidated financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2012 or 2013 but is derived from those financial statements. The 2013 annual report of the Company will be published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at http://www.uni-president.com.cn in due course.

On behalf of the Board
Uni-President China Holdings Ltd.
Lo Chih-Hsien
Chairman

18 March 2014

As at the date of this announcement, the board of directors of the Company comprised Mr. Lo Chih-Hsien, Mr. Hou Jung-Lung and Mr. Chen Kuo-Hui as executive directors; Mr. Lin Chang-Sheng, Mr. Lin Lung-Yi and Mr. Su Tsung-Ming as non-executive directors; and Mr. Chen Sun-Te, Mr. Fan Ren-Da, Anthony, Mr. Yang Ing-Wuu and Mr. Lo Peter as independent non-executive directors.

* *For identification purpose only*