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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 2014 FINAL RESULTS

- Revenue amounted to RMB22,487.7 million, down by 3.6%
- Group gross margin of 32.5%, down by 0.8 percentage point
- EBITDA of RMB1,954.7 million, down by 15.2%
- Profit attributable to equity holders of the Company of RMB285.5 million, down by 68.8%
- Proposed final dividend for 2014 of RMB1.322 cents per share

CHAIRMAN'S STATEMENT

In 2014, the world economy still struggled for a recovery, while the People's Republic of China (the "PRC") was in the process of adjusting its economic structure. The PRC witnessed slightly slower year-over-year (YoY) GDP growth of 7.4% in 2014, compared with 7.7% recorded in both 2012 and 2013. The slowdown in growth became a new norm. Clouded by the economic environment and the economic adjustments, the food and beverage industry grew slower, resulting in changes in consumption behaviour which imposed impact on the industry. Accordingly, the key to capitalise on opportunities for next round of development is to understand how consumers would spend.

We have solid operating foundation, sound financial position, core competitiveness and efficient operating management. We 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 advancements and extensive marketing activities. In order to achieve these corporate goals, we stepped up our internal structural reforms, continuously improved our product mix and enhanced our management. The continual improvement of our portfolios in terms of product and profitability was regarded as the most important criteria in assessing our business segment performance. Through stringent control over operating expenses and streamlined operations, our overall competitiveness was enhanced with higher organisational efficiency.

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 2014, with our prudent steps, pragmatic manner and proven ability in effective execution, the Group recorded revenue of RMB22,487.7 million and profit attributable to shareholders of RMB285.5 million.

In 2014, we continued to follow the strategy of tapping into the mid-to-high end instant noodles market. The overall revenue from instant noodles continued to grow and hit RMB7,960.3 million, with 1.7% growth YoY. “Lao Tan Pickled Cabbage and Beef Flavoured Noodles (老壇酸菜牛肉麵)” continued to be the top-selling spicy-flavoured instant noodles in the PRC. “Soup Daren (湯達人)” achieved a good start by leveraging on young people’s preference towards mid-to-high end instant noodles, and was ready to boom. The innovative product “Revolution Noodles (革麵)” brought new blood into the market. First developed by the Group, the patented “The Q Wide Noodles (阿Q寬麵)” provides our consumers with brand-new tastes with enriched ingredients. By delivering upgraded flavours, the high-priced instant noodles product “The Champion (冠軍榜)” set up a new milestone in the research and innovation of instant noodles.

In terms of beverage business, the Group recorded revenue of RMB14,004.6 million in 2014, representing a 7.6% slide YoY, mainly due to the slowdown of the macro-economic growth, the change of consumer’s choice of beverages and the fact that the majority part of the PRC experienced a relatively cooler summer in 2014 than the past. Accordingly, the general demand for beverages decreased across the country. Tea drinks and juice drinks businesses shrank while the milk tea business showed slower growth. How to innovate products and to accurately understand the consumption trend will be the main theme for the beverage segment in 2015. Further to the excellent performance of “Haizhiyan (海之言)”, a brand new product with a refreshing flavour in 2014, another innovative product “Classmate Xiaoming (小茗同學)” targeting young consumers will be launched in 2015. The Group’s milk tea business continued to secure the leading position in the market, and is expected to expand in terms of volume and market share.

DIVIDENDS

Based on the overall performance of the Group in 2014 and taking the surplus, overall financial condition and capital expenditure of the Group into account, the Board will propose a payment of final cash dividend of RMB1.322 cents (totaling RMB57.1 million) for the year ended 31 December 2014 at the forthcoming annual general meeting of the Company.

FUTURE PROSPECTS

In 2015, we expect there will be a stable economic growth in the PRC with continuous structural adjustments in the industry and a moderate GDP growth rate. With the gradual implementation of economic structural adjustments and the effect of economic 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 its strategy of focused operation by following the directions of urbanisation planning, and place emphases on key markets. Meanwhile, the Group will keep abreast of market trends and consumers' preference, develop high-end products and continue to innovate 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 support and 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 dedication and contribution over the past year.

Lo Chih-Hsien
Chairman

17 March 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	3	22,487,671	23,328,991
Cost of sales	4	<u>(15,179,284)</u>	<u>(15,549,362)</u>
Gross profit		7,308,387	7,779,629
Other gains – net		158,083	433,353
Other income		266,253	515,695
Other expenses	4	(98,243)	(131,236)
Selling and marketing expenses	4	(6,294,847)	(6,824,978)
Administrative expenses	4	<u>(967,783)</u>	<u>(840,036)</u>
Operating profit		371,850	932,427
Finance income		105,233	179,121
Finance costs		<u>(147,382)</u>	<u>(83,945)</u>
Finance income (costs) – net	5	(42,149)	95,176
Share of profit of investments accounted for using the equity method		<u>84,977</u>	<u>88,445</u>
Profit before income tax		414,678	1,116,048
Income tax expense	6	<u>(129,141)</u>	<u>(199,636)</u>
Profit for the year and attributable to equity holders of the Company		<u>285,537</u>	<u>916,412</u>
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	7	<u>7.18 cents</u>	<u>25.46 cents</u>
Dividends	8	<u>57,107</u>	<u>183,282</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Profit for the year		285,537	916,412
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Transfer of fair value gains previously taken to reserve to income statement upon disposal of available-for-sale financial assets		–	(284,827)
Fair value gains on available-for-sale financial assets, net of tax		<u>609</u>	<u>10,705</u>
Other comprehensive income for the year, net of tax		<u>609</u>	<u>(274,122)</u>
Total comprehensive income for the year and attributable to equity holders of the Company		<u>286,146</u>	<u>642,290</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	2014	2013
Note	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS		
Non-current assets		
Land use rights	2,150,679	2,113,888
Property, plant and equipment	11,641,653	10,185,899
Investment properties	242,439	249,365
Intangible assets	28,614	16,571
Investments accounted for using the equity method	1,545,708	1,500,116
Available-for-sale financial assets	192,809	192,026
Deferred income tax assets	321,881	191,718
Other receivables – non-current portion	52,283	10,627
	<u>16,176,066</u>	<u>14,460,210</u>
Current assets		
Inventories	1,129,306	1,513,512
Trade receivables	9 487,418	548,101
Prepayments, deposits and other receivables	1,256,788	1,026,099
Financial assets at fair value through profit or loss	86,710	–
Pledged bank deposits	–	5,941
Time deposits	324,099	–
Cash and cash equivalents	1,804,022	1,413,929
	<u>5,088,343</u>	<u>4,507,582</u>
Total assets	<u><u>21,264,409</u></u>	<u><u>18,967,792</u></u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	39,764	34,047
Share premium account	4,829,899	2,243,980
Other reserves		
– Proposed dividends	57,107	183,282
– Others	5,909,968	5,680,859
	<u>10,836,738</u>	<u>8,142,168</u>

	<i>Note</i>	2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		188,845	156,989
Borrowings		4,280,095	5,101,644
Other payables – non-current portion		237,985	230,971
		<u>4,706,925</u>	<u>5,489,604</u>
Current liabilities			
Trade and bills payables	<i>10</i>	1,054,204	1,409,968
Other payables and accruals		3,026,862	2,914,704
Borrowings		1,556,273	902,341
Current income tax liabilities		83,093	65,733
Derivative financial instruments		314	43,274
		<u>5,720,746</u>	<u>5,336,020</u>
Total liabilities		<u>10,427,671</u>	<u>10,825,624</u>
Total equity and liabilities		<u>21,264,409</u>	<u>18,967,792</u>
Net current liabilities		<u>(632,403)</u>	<u>(828,438)</u>
Total assets less current liabilities		<u>15,543,663</u>	<u>13,631,772</u>

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, Uglan 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 17 March 2015.

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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

Certain comparative amounts have been reclassified to conform to the current period’s presentation. These reclassifications had no effect on reported total assets, liabilities, equity or profit.

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 2014 and have a material impact to the Group:

- HKAS 36 (Amendment) “Impairment of assets” is effective for annual periods beginning on or after 1 January 2014. The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

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 2014 but not currently relevant or do not have material impact to the Group (although they may affect the accounting for future transactions and events):

		Effective for annual periods beginning on or after
Amendments to HKAS 32	Financial instruments: Presentation’ on financial asset and liability offsetting	1 January 2014
Amendments to HKFRSs 10, 12 and HKAS 27	Consolidation for investment entities	1 January 2014
Amendment to HKAS 39	Financial instruments: Recognition and measurement – ‘Novation of derivatives’	1 January 2014
HK (IFRIC) Interpretation 21 “Levies”	Provisions, contingent liabilities and contingent assets	1 January 2014

(b) New and amended standards have been issued but are not effective for the financial year beginning after 1 January 2014 and have not been early adopted

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits’ plans	1 July 2014
Amendments to HKAS 1	Presentation of financial statements	1 January 2016
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
Amendments to HKFRS 12	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Separate financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 2010-2012 reporting cycle, 2011-2013 reporting cycle, 2012-2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 2	Share-based payment	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 9	Financial instruments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related Party Disclosures	1 July 2014
HKAS 37	Provisions, contingents liabilities and contingent assets	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 39	Financial instrument – recognition and measurement	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 July 2016
HKFRS 7	Financial instruments: Disclosures	1 July 2016
HKAS 19	Employee benefits	1 July 2016
HKAS 34	Interim financial reporting	1 July 2016

The Group will apply the new standards, amendments and interpretation described above when they become effective. The Group is in the process of making an assessment on the impact of these new standards, amendments and interpretation and yet to assess the full impact on the Group's results of operations and financial position when they become effective.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements of the Group in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 2014 and 2013 is as follows:

	2014				
	Beverages	Instant	Others	Unallocated	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment results					
Revenue	<u>14,004,596</u>	<u>7,960,321</u>	<u>522,754</u>	<u>-</u>	<u>22,487,671</u>
Segment profit/(loss)	702,474	(93,575)	35,168	(272,217)	371,850
Finance cost – net	-	-	-	(42,149)	(42,149)
Share of profit of investments accounted for using the equity method	113,389	-	-	(28,412)	84,977
Profit before income tax					414,678
Income tax expense					(129,141)
Profit for the year					<u>285,537</u>
Other segment items included in the income statement					
Depreciation and amortisation	<u>1,011,186</u>	<u>298,261</u>	<u>37,383</u>	<u>66,217</u>	<u>1,413,047</u>
Segment assets and liabilities					
Assets	11,464,783	3,919,781	301,340	4,032,797	19,718,701
Investments accounted for using the equity method	1,383,356	-	-	162,352	1,545,708
Total assets					<u>21,264,409</u>
Liabilities	2,774,594	1,192,923	110,485	6,349,669	10,427,671
Total liabilities					<u>10,427,671</u>
Capital expenditure	<u>2,521,025</u>	<u>585,543</u>	<u>174,910</u>	<u>64,182</u>	<u>3,345,660</u>

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

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 related 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 rights, property, plant and equipment, investment properties and intangible assets.

The total of non-current assets other than financial instruments and deferred income tax assets located in different countries is as follows :

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
The total of non-current assets other than financial instruments and deferred income tax assets		
– PRC	15,587,380	14,042,818
– Overseas countries	21,713	23,021
Financial instruments	245,092	202,653
Deferred income tax assets	321,881	191,718
	<u>16,176,066</u>	<u>14,460,210</u>

4 Expenses by nature

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Raw materials, packaging materials, consumables and purchased commodity used	12,847,671	13,710,213
Changes in inventories of finished goods	302,405	(193,089)
Manufacturing outsourcing expenses	2,048	193,739
Promotion and advertising expenses	2,350,078	2,872,955
Employee benefit expenses, including directors' emoluments	3,028,652	3,029,623
Transportation expenses	1,049,280	1,085,568
Amortisation of land use rights	57,649	40,178
Depreciation of property, plant and equipment	1,338,199	1,051,457
Depreciation of investment properties	11,913	6,714
Amortisation of intangible assets	5,286	5,480
Operating lease in respect of buildings	194,867	198,955
City construction tax, property tax and other tax surcharges	249,654	239,669
Reversal of provision for impairment of property, plant and equipment	(15)	(27)
Provision for impairment of trade receivables	3,683	792
(Reversal of provision)/write-down of inventories to net realisable value	(5,318)	9,507
Auditors' remunerations		
– Audit services	6,802	6,354
– Non-audit services	700	700
Others	1,096,603	1,086,824
Total	<u>22,540,157</u>	<u>23,345,612</u>

5 Finance income – net

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Finance income – interest income on cash and cash equivalents	105,233	76,504
Net foreign exchange gains	<u>–</u>	<u>102,617</u>
	105,233	179,121
Interest expenses on borrowings	(162,399)	(93,610)
Net foreign exchange losses	(20,380)	–
Less: amounts capitalized on qualifying assets	<u>35,397</u>	<u>9,665</u>
	(147,382)	(83,945)
Finance (cost)/income – net	<u><u>(42,149)</u></u>	<u><u>95,176</u></u>

6 Income tax expense

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Current income tax		
– Current tax on profit for the year	227,622	225,715
Deferred income tax	<u>(98,481)</u>	<u>(26,079)</u>
	<u><u>129,141</u></u>	<u><u>199,636</u></u>

(a) Mainland China enterprise income tax (“EIT”)

Subsidiaries established in Mainland China are subject to EIT at rate of 25% (2013: 25%) during the year.

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 are entitled to the above mentioned 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% (2013: 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% (2013: 25%) applicable to profits of the consolidated entities as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Profit before income tax	<u>414,678</u>	<u>1,116,048</u>
Tax calculated at the statutory tax rate in the PRC	103,670	279,012
Tax effects of:		
Preferential tax rates on the profits of certain subsidiaries	(8,365)	(31,181)
Utilisation of previously unrecognized tax losses	(2,525)	(16,467)
Tax losses for which no deferred income tax asset was recognized	28,621	22,668
Income not subject to tax	(21,244)	(56,144)
Expenses not deductible for tax purpose	<u>28,984</u>	<u>1,748</u>
Income tax expense	<u>129,141</u>	<u>199,636</u>

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.

	2014	2013
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	285,537	916,412
Weighted average number of ordinary shares in issue (<i>thousands</i>)	3,976,154	3,599,445
Basic earnings per share (<i>RMB per share</i>)	<u>7.18 cents</u>	<u>25.46 cents</u>

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Proposed final dividend of RMB1.322 cents (2013: RMB5.092 cents) per ordinary share	<u>57,107</u>	<u>183,282</u>

The dividends paid by the Company in 2014 and 2013 for the years ended 31 December 2013 and 2012 amounted to RMB183,212,000 (RMB5.092 cents per share) and RMB171,190,000 (RMB4.756 cents per share) respectively.

A dividend in respect of the year ended 31 December 2014 of RMB1.322 cents per share, amounting to a total dividend of RMB57,107,000, is to be proposed at the annual general meeting to be held on 15 May 2015. These financial statements do not reflect this dividend payable.

9 Trade receivables – Group

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade receivables from independent third parties	470,780	523,045
<i>Less: provision for impairment</i>	<u>(10,207)</u>	<u>(7,115)</u>
Trade receivables from independent third parties, net	460,573	515,930
Trade receivables from related parties	<u>26,845</u>	<u>32,171</u>
Trade receivables, net	<u>487,418</u>	<u>548,101</u>

The credit terms granted to customers by the Group are usually 60 to 90 days (2013: 60 to 90 days). The ageing analysis of trade receivables is as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade receivables, gross		
– Within 90 days	457,173	518,024
– 91 to 180 days	38,476	35,832
– 181 to 365 days	1,742	554
– Over one year	<u>234</u>	<u>806</u>
	<u>497,625</u>	<u>555,216</u>

As at 31 December 2014 and 2013, no trade receivables were past due but not impaired.

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade receivables, gross		
– RMB	493,680	547,641
– USD	2,242	5,206
– HKD	<u>1,703</u>	<u>2,369</u>
	<u>497,625</u>	<u>555,216</u>

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

As at 31 December 2014, trade receivables of approximately RMB101.3 million (2013: RMB97.6 million) were impaired and the amount of provision for impairment was approximately RMB10.2 million (2013: RMB7.1 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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade receivables, gross		
– Within 90 days	60,889	60,402
– 91 to 180 days	38,476	35,832
– 181 to 365 days	1,742	554
– Over one year	234	806
	<u>101,341</u>	<u>97,594</u>

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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
At 1 January	7,115	6,346
Receivables written off as uncollectible	(591)	(23)
Provision for impairment of trade receivables	3,683	792
	<u>10,207</u>	<u>7,115</u>

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade payables		
– to independent third parties	875,956	1,240,400
– to related parties	178,248	169,568
	<u>1,054,204</u>	<u>1,409,968</u>

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

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
– Within 30 days	796,153	1,113,785
– 31 to 90 days	173,610	208,835
– 91 to 180 days	66,971	69,612
– 181 to 365 days	10,963	11,720
– Over 1 year	6,507	6,016
	<u>1,054,204</u>	<u>1,409,968</u>

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

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC ENVIRONMENT

In 2014, the world economy still struggled for a recovery, while the PRC was in the process of adjusting its economic structure. The PRC witnessed slightly slower YoY GDP growth of 7.4% in 2014, compared with 7.7% recorded in both 2012 and 2013. The slowdown in growth became a new norm. Amid the economic restructuring in China, the growth of food and beverage industry across the country was affected. Certain main product categories showed stagnant trends or even experienced downsizing to a limited extent.

BUSINESS REVIEW

In 2014, due to the sluggish macro-economic growth, the adjustment of economic structure, the change of consumer preference, and the fact that the majority parts of the PRC experienced a relatively cooler summer in 2014, the general demand for beverages was undermined and therefore affected the Group's financial performance. Below are the detailed discussion of the principal activities of the Group.

FINANCIAL RESULTS

For the year ended 31 December 2014 (the "Year"), the Group recorded a revenue of RMB22,487.7 million, representing a decrease of approximately 3.6% from RMB23,329.0 million for the corresponding period last year. Revenue from the instant noodles increased by 1.7%, and revenue from the beverages products decreased by 7.6%, standing at RMB7,960.3 million and RMB14,004.6 million respectively, accounting for 35.4% and 62.3% respectively of the Group's total revenue. During the Year, gross profit of the Group decreased by 6.1% from RMB7,779.6 million to RMB7,308.4 million while gross profit margin decreased by 0.8 percentage point from 33.3% for the corresponding period of last year to 32.5%.

During the Year, in light of the effective efforts of the Group in utilising marketing resources and placing on the market precisely, the selling and marketing expenses for the Year decreased by 7.8% to RMB6,294.8 million (2013: RMB6,825.0 million). During the Year, administrative expenses amounted to RMB967.8 million (2013: RMB840.0 million), which was mainly attributable to the corresponding increase in expenses from new production base construction and preparation. During the Year, share of profit of investments accounted for using the equity method decreased to RMB85.0 million (2013: RMB88.4 million).

During the Year, profit attributable to equity holders of the Company was RMB285.5 million, representing a decrease of 68.8% as compared with RMB916.4 million of the corresponding period last year, which were mainly attributable to the reasons that the PRC experienced a relatively cooler summer in 2014 than the past, resulting in a decrease in the general demand for beverages across the country, leading to a recession of the beverage market and a lack of one-off gain from disposals of financial assets amounted to RMB284.8 million as of the corresponding period same as last year, together with a decrease of RMB211.1 million of government grants. Earnings per share were RMB7.18 cents (2013: RMB25.46 cents).

Instant Noodles Business

For the Year, the Group's instant noodles business recorded a revenue of RMB7,960.3 million, representing a growth of 1.7%, as compared with the corresponding period last year. Having exceeded the industry growth rate for five consecutive years. According to the data of Nielsen, during the year of 2014, the instant noodles market continued to exhibit a general downward trend. The overall sales amount and sales volume of instant noodles declined by 2.7% and 7.0%, respectively, as compared with the corresponding period last year. The Group's market share grew to 17.9% during the Year, up by 0.6 percentage point as compared with the corresponding period last year. Especially, a significant growth in market share was recorded in high-priced instant noodles sector (RMB5.0 or above), which further strengthened the Group's confidence and determination in its high-value products business.

The key product line "Uni-President Lao Tan (統一老壇)" maintained its leading position in terms of market share amid the severe market competition from increasingly similar products, thanks to its continual creative efforts in product strengths and the Group's marketing and sales. In respect to product strengths, "Lao Tan Pickled Cabbage and Fish Flavoured Noodles (老壇酸菜魚)" and other sub-flavours were put on the market after "Lao Tan Pickled Cabbage and Beef Flavoured Noodles (老壇酸菜牛肉麵)" under the "Uni-President Lao Tan (統一老壇)" line, as enrichment to the line to provide customers with more options and experience with "sourness and crunchiness (酸爽)". To allow consumers to experience the "Authentic Sourness and Crunchiness (正宗的酸爽體驗)", "Uni-President Lao Tan (統一老壇)" is subject to stringent control on the whole production chain and keeps on perfecting each of the production procedures spanning from the cultivation and pickling of mustard greens to the production and packaging of the final products. At the commencement ceremony of the "China Food Safety Publicity Week (全國食品安全宣傳周)" in June 2014, the Group's pickled cabbage pack production plant in Shifang was formally granted the title of "National Food Science Education Base (全國食品科普教育基地)", demonstrating recognition of, and reward for, the Group's achievements in addressing "food safety (食品安全)" and following the "Policy of Agriculture, Farmer and Rural Area (三農政策)" from the relevant government authority in the PRC.

In respect of marketing, the Group endeavored to promote the brand image of "Uni-President Lao Tan (統一老壇)", increasing awareness of its uncompromising "authenticity (正宗)" among customers. Its endorser, Mr. Wang Han (汪涵), is the embodiment of its status as the "master in Lao Tan (老壇宗師)" with his lively image as a humorous master. The Group also carried on its well-received pickled cabbage plant visits themed "authentic as you see it (正宗看得見)" in September 2014. For the first time, Mr. Wang Han led consumers to visit our plant to experience the traditional production procedures of "Uni-President Lao Tan Pickled Cabbage (統一老壇酸菜)" in person. The activity, which is so unforgettable, have spread our concept of "Made by 81-day Fermentation with Traditional Pickling Jars (傳統老壇、九九八十一天發酵)" by word of mouth among consumers. In view of the increasing popularity of new media among consumers, the Group has in-depth and cross-sector collaboration with "iQIYI (愛奇藝)" in Internet media including "free VIP coupons for iQIYI video (愛奇藝VIP免費觀影券)" clipped in our products as well as placing "Master's Theatre (宗師劇場)" on its video platform in order to enable consumers to have a double flavour and visual experience.

The Group always strives to deliver higher quality and better taste by creating new products. With five years' cultivation and promotion, high-priced noodles "Soup Daren (湯達人)" recorded more than a double of its sales in the year 2014 and grasped the opportunity from the rapid growth of cup-contained instant noodles, becoming the number two high-end cup noodles brand in 2014 (according to the data of Nielsen). Focusing on the quality of the "Soup (湯)" and by marketing on Internet and social groups with new media, with five years of word-of-mouth marketing, "Soup Daren (湯達人)" has successfully gathered a group of fans among university students and white-collar workers. The Group is steadily expanding the market coverage of "Soup Daren (湯達人)" from first-tier cities to inland cities in order to satisfy the increasing consumers' demand for quality instant noodles. The potential of "Soup Daren (湯達人)" is huge.

In August 2014, the Group unveiled a product "Revolution Noodles (革麵)" which might mark a new chapter for noodles, in hope to "lead the traditional instant noodles industry onto an innovative revolutions (引領革新)". The product uses patented al dente noodle "The Q Wide Noodles (阿Q寬麵)", featured with chewy texture. The upgraded ingredients of large real meat and vegetable slices enrich the flavour bag and delivers richer taste. In "2014 Instant Food Conference-Instant Food Exhibition (2014方便食品大會暨方便食品展)", "Revolution Noodles (革麵)" won two awards, namely "2014 Award for Creation of Instant Food Industry (2014年度方便食品行業創新)" and namely "2014 Award of Best Instant Food (2014年度最佳方便食品)", established a role model in the upgrade process of the instant noodles industry.

Uphold the brand philosophy of offering the world's best noodles, the Group introduced "The Champion (冠軍榜)" to the market by the end of 2014. As a cross-industry cooperation with "Mazilu (馬子祿)", a long lasting store and the only Lanzhou Beef Noodles restaurant with the title of "China's Time-honored Brand (中華老字號)", the Group presented a new product "The Champion (冠軍榜)" Lanzhou Beef Noodles, in efforts to industrialize and pep up the well-known restaurant and its noodles with orthodox taste. "The Champion (冠軍榜)" is positioned as high-priced instant noodles. It is expected to give customers brand-new, better taste noodles by using innovative processes.

Looking ahead, the upgrade requirement within the instant noodles industry will become increasingly evident on the back of slow sales growth and consumers' preference for more innovative products with high added-value. In response to the trend, the Group will continue to adhere to the strategy of "value sales (價值營銷)" in 2015, making "value-added innovations (價值創新)" as drivers for growth.

Beverage Business

During the Year, revenue from the Group's beverage business amounted to RMB14,004.6 million. The performance of each major product line is described as follows:

Tea Drinks

In response to changes in the overall economic environment, consumers' perception of spending and purchasing power underwent rapid changes. The growth of the milk beverage market was slowing down as a whole. As categories like water, functional drinks and plant protein drinks kept on booming and emerging, the market composition was modified. More variety turned out to be a significant crowding-out effect, leading to a negative growth in tea drinks sales. According to the data of Nielsen, the sales amount of tea drinks (excluding milk tea) recorded a negative growth of 3.6% in 2014. Besides the impact of below average temperatures in last summer, consumption shift between categories was another main reason for the decrease in sales. The phenomenon indicated consumers demand for innovative beverage products.

In 2014, the Group's revenue from tea drinks was RMB5,525.8 million. "Uni Ice Tea (統一冰紅茶)" was upgraded to appear more youthful by switching to hourglass-shaped bottle and a lighter formula, in attracting target customers born in the 90s. The brand conducted a thematic activity, "Skateboarding Unlimited in Two Cities: Win Free Drinks for Yours! (來雙城潮趴, 贏全城暢飲)" to create bonding with young people. "Uni Green Tea (統一綠茶)" continued its genuine flavour of tea and low sugar features by using tender and fresh tea buds, in line with the general concept of health. In addition, the brand continued to advocate experiencing the "nature via green cycling activities (百變綠色騎行)" which asserts its belief of "experiencing the nature (親近自然)" through introducing the elements "Green (綠色)" and "Cycling (騎行)" continually. Besides black tea and green tea, the Group in this Year also strengthened its efforts in promoting its plant drinks "Natural Intuition (植覺)" in key provinces, initially acquiring effect with 40.5% growth in revenue.

For 2015, adhering to our "value sales (價值營銷)" approach as always, the Group's marketing efforts will focus more on post-90s generation consumers by strengthening the usage of new media and allowing more interaction with the target consumers. To exemplify new slogan "Young Age Unlimited (青春無極限)" of "Uni Ice Tea (統一冰紅茶)" to be shown in the coming up series of advertisements to attract young consumers, we have signed a new endorser Kris Wu (吳亦凡) who is a really hot star among post-90s' young people as a move to expand the "Uni Ice Tea (統一冰紅茶)" brand's customer base. "Uni Green Tea (統一綠茶)" will promote the concept of healthy green tea with the help of on-line activities, persuading consumers to adopt green tea-drinking habits. Meanwhile, the brand's cycling campaign, which assert its belief of "experiencing the nature (親近自然)" by encouraging customers to bike, will enter into the consecutive third year. Considering the post-95s and post-2000s generations are about to play an increasing active role in the society and they have their unique prominent features in consumption and purchasing powers (from low-price to value-for-money, from mass product to individualised product), the Group will launch its new product "Classmate Xiaoming (小茗同學)", a cold extracted refreshing tea drink without bitter taste. This differentiating attempt is targeted specifically at young students. In the year 2015, the Group's tea drinks business will continue to develop steadily with two key products "Uni Ice Tea (統一冰紅茶)" and "Uni Green Tea (統一綠茶)", with differentiating innovations exploring new sales growth engines with an aim to restructure the overall product profolio.

Juice Drinks

The Group's juice drinks business recorded a revenue of RMB3,938.8 million in 2014. According to the data of Nielsen, the overall juice drinks market displayed a negative growth of 1.6% in sales amount and the decrease in sales volume even at a rate of 4.7%. Low concentration juice products, despite being regarded as obsolete, still dominated the market but their slides in sales reflected more evident. However, lemon and coconut flavours maintained their strong momentum, while mid and high concentration juices also performed well. In short, the overall juice drinks market witnessed polarisation development.

"Uni More Juice Series (統一多果汁)" continued to promote ardently its brand value "More Vitamin C, More Beauty (多C多漂亮)". In 2014, to attract consumers born in the 90s, the Group continued its cooperation with "Asian Prince" Jang Keun-Suk (張根碩) and launched a new endorser, the famous Korean actress Park Shin Hye (朴信惠), in a joint on-line campaign with Tudou.com (土豆網), the "C-Girl Beauty Contest (漂亮C-Girl)". A number of first-tier stars were also invited to amplify the effect of the activities and enlarge the fans group of "More Juice Series (多果汁)".

In 2014, the overall pear juice market shrank. However, “Crystal Sugar Pear Drink (冰糖雪梨)” under the “Seasonal Drinks (飲養四季)” series of the Group continued to improve its quality by sticking to the ingredient of selected Dangshan Pear, coupled with special stewing process, ensuring customers with better taste. Adhering to the brand’s slogan “Moisten and Sooth Your Heart (一口潤心田)”, of “Seasonal Drinks (飲養四季)”, the Group cooperated with “The Voice of China (中國好声音)” in hosting large music festival named “Seasonal Drinks Music Festival – The Voice – Quenching and Soothing Voices (飲養四季音樂節 好声音 潤心田)” in 2014, where famous stars were invited to perform the growing rules of four seasons, demonstrating the concept of living in a way of following the season’s law. By this music festival, we successfully attracted the fans of these famous stars to become the customers of “Seasonal Drinks (飲養四季)”.

As an attempt to grasp the growth in refreshing drinks and lemon flavours, the Group launched an innovative juice-flavoured functional drink, “Haizhiyan (海之言)” in April 2014. The lemon-flavoured “Haizhiyan (海之言)” stands out by its uniquely refreshing flavour, elegant Maldives blue bottle and its special positioning of “cooling you down (海掃酷熱)”. With new media promotion and events such as “Beach Festival (海沙節)”, “Beach Volleyball (沙灘排球)” and “Energy Cool Run (能量酷跑)”, the association of “Haizhiyan (海之言)” with Mediterranean traditional cooling tricks and blue ocean has deeply impressed the customers and the product becomes popular among consumers rapidly. Within a short period of eight months since its launch in the market, the lemon-flavoured “Haizhiyan (海之言)” had been one of the top 10 juice drinks in the PRC (according to the data of Nielsen), a spectacular performance in new product sales in recent years. Given this success, the Group followed up immediately with the second flavour, “grapefruit (西柚)”, in November to satisfy the demand of different flavours of the consumers.

The newly launched Chinese-featured juice brand “Ruyin (如飲)” in December 2014 delivered the first winter drink “Stewed Pear with White Fungus Flavour Juice (梨好陽光)”, a perfect mix of tremella and snow pear in promoting traditional life-nourishing concept. The drink tastes magnificent when hot and is welcomed by many consumers. Subsequently, gift set of products were also launched to seize the gift market share.

In 2015, the juice drinks business of the Group will deploy a multi-brand strategy in meeting different consumer preferences. “More Juice Series (統一多果汁)” will continue upgrading its quality, sticking to the brand image of “beauty (漂亮)” and making the brand young and fashion by using entertainment stars as endorsers. To build up its warm, considerate and trustworthy image, “Seasonal Drinks (飲養四季)” brand will differentiate itself by carefully selected ingredients, highlighting its stew flavour and deliver the philosophy of seasonal drinks fitting in the seasonal needs of oneself. “Haizhiyan (海之言)” will keep “Cooling You Down (海掃酷熱)” as its slogan and develop a new “calamansi (卡曼橘)” flavor to give consumers more choices. The brand will try to boost its sales through “Cooling You Down, Enjoy Cruise (海掃酷熱, 暢享郵輪)” activities. “Ruyin (如飲)” will provide a new series of products with stronger Chinese features to attract consumers who favour traditional tastes.

Milk Tea

According to the data of Nielsen, the milk tea market grew slower with only 1.1% growth in sales amount in 2014 as compared with 2013. The Group’s market share was 62.1% for the whole year and 63.9% for the second half of the year, being a secured leader in the market.

With the brand's core concept remained intact, the Group launched a campaign to rebuild the brand image with "Qing Lan Milk Tea (晴藍奶茶)" in the second half of 2014. The product packaging in a series of special "Memorial Bottles (紀念瓶)" effectively advocates the idea of "Good Mood on the Go (好心情隨身帶)". It delivers not just a bottle of milk tea, but also a bottle of mood booster to the consumers. The bottle design is fit for drinking at all circumstances and occasions, thus consumers' affection to our products can be reinforced as they drink "Qing Lan Milk Tea (晴藍奶茶)" from time to time. In 2014, we engaged new spokesman, Amber Kuo (郭采潔) to shot a commercial for "Qing Lan Milk Tea (晴藍奶茶)". This commercial was broadcasted via both China Central Television and Star Channel to achieve the optimal effect. By enhancing interaction with consumers through "Stay Happy Without Complaints for 21 days (21天好心情不抱怨)" campaign, the brand also creates topics anytime, anywhere.

In 2014, "Qing Lan Milk Tea (晴藍奶茶)" continue to focus on satisfying consumers' needs to build a differentiating value-for-money brand. The key product "Assam Milk Tea (阿薩姆奶茶)" went deeper in its markets by expanding to markets in rural areas and towns in key provinces. "Fried Green Milk Tea (煎茶奶綠)", the first milk tea product based on green tea, delivered a brand-new drink texture to consumers. It recorded three-time growth in sales in 2014, and consolidated its position as the second largest ready-to-drink milk tea in the category.

In 2015, the Group's milk tea business will devote to improving product quality and stepping up its marketing efforts. The package will be upgraded to a more harmonious design for products under the same series. New flavours will be added to create needs for more innovation in categories, with an ultimate aim to expand the milk tea market and strengthen the Group's leading position in the sector.

Coffee

According to the data of Nielsen, the Group's "A-Ha (雅哈)" Coffee took up 16.2% of the market in 2014, ranking the second. With comprehensive product line and young and creative brand image, "A-Ha (雅哈)" Coffee enjoyed stable sales and cultivated brand awareness at the same time. In 2015, the Group's coffee business will stick to the principle of "differentiation by high quality (高品質、差異化)" and achieve "stable growth and change in market composition (穩增長、調結構)" within this stage. The business will continue to introduce and refine innovative products to cater for growing consumer demands, while speed up and put more efforts in sales channel development in key first-tier and second-tier cities, all to sharpen our competitive edges.

Bottled Water

Revenue from the Group's bottled water business jumped up by 9.1%, mainly due to focusing on the operation of high-priced brand "ALKAQUA". Through "organising consumer visits to water origins and plants of bottled water (尋源之旅)" as well as Weibo marketing, "ALKAQUA" won the favour and recognition from its target consumers, and produced a 23.9% growth in revenue compared with the same period last year, higher than the market average of 14.7% (according to the data of Nielsen). In addition to high quality spring water source from Bama Long Life Village, the Group's Changbai Mountain Plant was also put into operation by the end of 2014, significantly increasing its productivity for mineral water. Incidentally, Changbai Mountain in China, plus Alps in Europe and Caucasus in Russia are recognised as the three golden sources of spring water. The Group's Changbai Mountain Water Plant is located in

Antu (安圖) Town, or so-called the “first town in Changbai Mountain (長白山第一縣)”. The town is renowned as the “Origin of Mineral Water in China (中國礦泉水之鄉)”. Mineral water product from “Hongfeng Spring (紅豐泉)” water is regarded as world-class mineral water. Together with world-leading ozone-free sterilisation technologies, this product meets the standards of the European Union and provides consumers with high quality natural mineral water.

In 2015, “ALKAQUA” will comprehensively promote its brand image as a high-end water product with the theme “Good Water, Unique Style (好水, 自有格調)”. Endeavours will be made via on-line media activities and in acquiring authorised distributors to increase the exposure of the product, the Group aims to make “ALKAQUA” as one of the first choices in mid-to-high end bottled water.

Research and Development

The research and development team (the “R&D”) of the Group continued to be an innovative pioneer in the industry and strived for developing high added-value products that would capture hidden consumer demand. “Revolution Noodles (革麵)” was launched in 2014, which replaced traditional ingredients for instant noodles with large real meats and vegetables, surprised and impressed consumers both in visual and taste. Coupled with newly developed and patented noodle “The Q Wide Noodles (阿Q寬麵)” that featured in smooth texture, the double revolution features of “Revolution Noodles (革麵)” brings perfect eating experience to consumers. In August 2014, Chinese Institute of Food Science and Technology held an expert evaluation meeting for “Uni-President Revolution Series Instant Noodles (統一革麵系列方便麵)” in Beijing. The Institute commented that “Revolution Noodles (革麵)” is a kind of extra-wide noodles that absorbs water quickly and remains chewy for a long time and is so successful in industrialised mass production by applying an overall world-leading technology. In September 2014, “Revolution Noodles (革麵)” won two awards, namely “2014 Award for Creation of Instant Food Industry (2014年方便麵食品行業創新獎)” and “2014 Award of the Best Instant Food (2014年度最佳方便食品)”.

Following “Revolution Noodles (革麵)”, the Group’s R&D team brought along a high-end instant noodles brand “The Champion (冠軍榜)”, which offers “good noodle take-away to be consumed anywhere anytime (打包一碗好麵, 隨時隨地饕餮大嚼)”. The noodle and ingredients in “The Champion (冠軍榜)” is an upgrade of those in “Revolution Noodles (革麵)”, for instance large real meats, thick soups, and noodles cut by patented technology. The development of “The Champion (冠軍榜)” Lanzhou beef noodles also benefited from the cooking technique guidance provided by “Mazilu (馬子祿)”, a China Time-honored noodle shop, in order to make sure authentic taste is not compromised with the joy of convenience as if the noodles are served in the noodle shop.

“Uni-President Lao Tan (統一老壇)” series’ new product is “Pickled Bean Rib Flavoured Noodles (酸豆角排骨麵)”. Pickled bean is a traditional vegetable ingredient with jaune (bright yellow) color, strong sour scent, crispy texture and tasty flavour which makes one to miss after just having a bite. “Pickled Bean Rib Flavoured Noodles (酸豆角排骨麵)” are made by the traditional Sichuan style, enriched by Lao Tan pickled beans that underwent eighty-one days’ full fermentation. Lao Tan pickled beans form a sharp contrast with other ingredients, offering sour and crunch tastes with chewy noodles.

The R&D team developed “Haizhiyan (海之言)” lemon flavoured drink as a product to help absorbing water quickly into the body as a functional drink in summer to quench thirst. The product aims to secure a footing in vitamin and sports drinks market. Different from other similar products in the market, “Haizhiyan (海之言)” replenishes sodium lost (補鹽) through perspiration, an action to fill a niche market. Unique processing technologies and natural ingredients and flavoured guarantee quality in taste while establishing technical barriers that prevent copying. With distinctive package design, brand positioning and taste, the product was soon accepted and recognised by consumers in beverage market for its lively quality and originality, bringing new energy into the juice market during 2014. Following the successful launch of the lemon flavour, grapefruit flavour and calamansi flavour were also put into the market under the series, continuously giving new vigor to “Haizhiyan (海之言)” brand.

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, and 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 project of food safety check.

The Group actively enhances the management of suppliers, formulates standards related to management of pollution-free vegetable bases. Based on the first open sample factory of pickled cabbage packets, the Group applied to establish a “National Food Science Education Base (全國食品科普教育基地)”, promoting general science knowledge in food safety to the public. The Group actively advances the industry food safety standards by introducing in a full range food-grade protogenous paper barrels made of virgin pulp and the world’s leading ozone-free technology for natural mineral water production to eliminate food safety risks in production processes, in 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 165 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 2014, 29 subsidiaries of the Group have obtained the certification of ISO9001 international standard quality management system and 26 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.

PRODUCTIVITY STRATEGY

The Group is committed to its focused strategy of creating brand value, enabling product R&D and innovation and establishing sales channels. We are convinced that along with long-term efforts in building brand image, continuous product innovation and extensive sales networks are the key to meeting consumer demand and allowing us to grow and achieve maximum efficiency continuously. In addition to its own productivity, in light of centralising the usage of resources for maximum efficiency, the Group has long been cooperating with professional beverage OEM factories (including professional OEM manufactures who are external independent third parties and connected enterprises) to form strategic alliances. As a result, the Group is equipped with flexibility in terms of productivity to a certain extent by outsourcing production activities while maintaining its basic productivity, so that the Group's resources can be fully and most efficiently used in key projects.

FINANCIAL ANALYSIS

Cash and Borrowings

As at 31 December 2014, the Group had a total cash and cash equivalents of RMB1,804.0 million (2013: RMB1,413.9 million), among which 87.3% were denominated in Renminbi. As at 31 December 2014, the Group had no pledged bank deposit (2013: RMB5.9 million). Current assets of the Group amounted to RMB5,088.3 million (2013: RMB4,507.6 million) with current liabilities of RMB5,720.7 million (2013: RMB5,336.0 million). Net current liabilities were RMB632.4 million (2013: RMB828.4 million). During the Year, the Group mainly financed its working capital and capital expenditure by internally generated cash flows, credit facilities from principal bankers, the fund raised by issues of corporate bonds and rights shares (as described in the sub-section headed “Financing” in this announcement below). As at 31 December 2014, the Group’s total financial liabilities was RMB5,836.4 million (2013: RMB6,004.0 million), among which 73.3% were repayable over one year. 40.8% of the total financial liabilities was denominated in United States dollars and the remaining 59.2% was denominated in Renminbi. As at 31 December 2014, all of the Group’s financial liabilities bear floating interest rates save for the RMB1,000 million notes due 2016, the RMB1,000 million notes due 2017, the RMB500 million notes due 2017 and the RMB500 million notes due 2019, which were at fixed interest rates of 3.5%, 3.6%, 3.5% and 3.9% per annum respectively. As at 31 December 2014, the Group did not have any secured bank borrowing (2013: Nil).

Financing

In January 2014, RMB1,000 million 3.6% notes due 2017 were issued in Taiwan by the Company by way of debt issue solely to professional investors. All of the net proceeds (after deducting the related expenses) have been applied as general working capital of the Group. The GreTai Securities Market of the Republic of China has granted approval for the listing of such notes. Unless previously redeemed or repurchased and cancelled, such notes will be redeemed at their principal amount on, or nearest to, 23 January 2017.

In June 2014, the Company issued 719,889,000 rights shares at a subscription price of HK\$4.56 per rights share to raise an aggregate gross proceeds of HK\$3,282.7 million. The net proceeds of HK\$3,268.0 million (after deducting the related expenses) were fully utilised as to HK\$28.2 million for the Group’s general working capital and the remaining amount of HK\$3,239.8 million was used to repay some of its short-term, unsecured bank borrowings. The Group believed that the net proceeds from the rights issue have strengthened the Company’s financial structure and the Group, in turn, becomes more resilient financially.

In August 2014, RMB500 million 3.5% notes due 2017 and RMB500 million 3.9% notes due 2019 were issued in Taiwan by the Company by way of debt issue solely to professional investors. All of the net proceeds (after deducting the related expenses) have been applied as general working capital of the Group. The GreTai Securities Market of the Republic of China has granted approvals for the listing of both notes. Unless previously redeemed or repurchased and cancelled, such notes will be redeemed at their principal amount on, or nearest to, 28 August 2017 and 28 August 2019 respectively.

The Group aims to maintain an appropriate capital structure. On 17 January 2014, Taiwan Ratings Corporation (“Taiwan Ratings”), a credit rating agency, gave a long term credit rating of twAA– to the Company, with “stable” rating outlook on the Company’s long term credit rating. On 28 August 2014, the Company also obtained a long term credit rating of twAA– credit rating from Taiwan Ratings.

	2014	2013
	<i>RMB’000</i>	<i>RMB’000</i>
Total borrowings	5,836,368	6,003,985
<i>Less: cash and cash equivalents</i>	<u>(1,804,022)</u>	<u>(1,413,929)</u>
Net debt	4,032,346	4,590,056
Total equity	<u>10,836,738</u>	<u>8,142,168</u>
Total capital	<u><u>14,869,084</u></u>	<u><u>12,732,224</u></u>
Gearing ratio (<i>Note</i>)	<u><u>27.12%</u></u>	<u><u>36.05%</u></u>

Note: The gearing ratio is computed as the net debt divided by the sum of total equity and net debt.

Cash Flow and Capital Expenditure

During the Year, the Group recorded a net increase in cash and cash equivalents of RMB389.8 million (excluding exchange gain), comprising net cash inflow from operating activities of RMB1,411.2 million, net cash inflow from financing activities of RMB2,203.8 million and net cash outflow from investing activities of RMB3,225.3 million. The net cash outflow from investing activities was mainly applied to the expansion in scale of production, establishment of new production base for instant noodles and beverage businesses, and purchase of machinery and equipment for enhancing production capacity. During the Year, the Group’s capital expenditure amounted to RMB3,345.7 million (2013: RMB4,746.3 million).

Analysis of Operating Efficiency

Sales by the Group to most of its customers are made on a delivery on payment basis. Our trade receivables are generated from credit sales to credit customers from modern channels with credit terms normally ranging from 60 to 90 days. Trade receivables for the Year decreased by RMB60.7 million to RMB487.4 million. The Group's inventories mainly comprised raw materials, packaging materials, finished goods and low-value consumables. As at 31 December 2014, our inventory balance decreased by RMB384.2 million as compared to the beginning of the year. The Group's trade payables mainly arose from credit purchases of raw materials and packaging materials, and our trade payables for the Year decreased by RMB355.8 million as compared to the beginning of the year. The decrease in inventory balance and trade payables were due to the decrease in prices of raw materials and adjustments made to the required stocking of raw materials and packaging materials at the end of 2014 as the Chinese New Year falls late in 2015.

	For the year ended	
	31 December	
	2014	2013
Trade receivables turnover days	8	8
Inventories turnover days	31	33
Trade payables turnover days	<u>30</u>	<u>33</u>

Financial Management and Policy

The Group's financial department has formulated financial risk management policies based on the policies and procedures approved by the Board and guided by the executive Directors. These policies are 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 the proactive implementation of 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 its revenues are derived from operations in the PRC. The Group may expose to foreign exchange risk arise from future borrowings from overseas and some of its recognised assets or liabilities, such as cash and cash equivalents and borrowings, part of which are denominated in United States dollars and Hong Kong dollars. The Group uses foreign exchange forward contracts outside the PRC, when appropriate, for risk management and to control the Group's assets and liabilities when interest or exchange rates are uncertain or fluctuate, or whenever suitable. Our policy is not to engage in speculative derivative financial transactions and not to invest our current capital in financial products with significant underlying leverage or risk, including hedge funds or similar instruments.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2014.

PROSPECTS

For 2015, 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 economic environment and keep abreast of the changing consumer taste, leverage on the benefits of opportunities emerging and our strength for the continuous creation of shareholders' value. The Group will continue to increase brand building efforts, create brand value with innovation and win consumers' recognition by differentiated and trendy products. Against the backdrop of slower economic growth, the Group will make more efficient use of its resources in sales channel development. In terms of food safety, the Group will strictly adhere to the implementation of the comprehensive quality control to ensure products meet safety standards in every aspect.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 31 December 2014, the Group had 36,717 employees. In view of the huge market opportunities for dairy beverages and food products in the PRC, the Group is continuously recruiting talented professionals. 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 Group 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 Group 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 Group. 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.

Total staff costs (including Directors' emoluments) for the Year was RMB3,028.7 million (2013: RMB3,029.6 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 2014 have been agreed by the external auditors of the Company, 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 Board 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 RMB1.322 cents per share for the Year.

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 Thursday, 4 June 2015 to shareholders whose names appear on the register of members of the Company on Tuesday, 26 May 2015.

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 of Hong Kong Limited (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, each of Mr. Hou Jung-Lung, Mr. Lin Lung-Yi and Mr. Yang Ing-Wuu will retire by rotation at the forthcoming annual general meeting of the Company. Mr. Hou Jung-Lung, being eligible, will offer himself for re-election. Both of Mr. Lin Lung-Yi and Mr. Yang Ing-Wuu have decided to retire and will retire from their offices at the forthcoming annual general meeting of the Company and will not offer themselves for re-election.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 May 2015 to Friday, 15 May 2015 (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, 15 May 2015, 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, 8 May 2015.

The register of members of the Company will be closed from Thursday, 21 May 2015 to Tuesday, 26 May 2015 (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, 20 May 2015.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Friday, 15 May 2015, the final dividend will be paid on or around Thursday, 4 June 2015.

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 2013 or 2014 but is derived from those financial statements. The 2014 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

17 March 2015

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 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.