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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 2009 FINAL RESULTS

- Revenue amounted to RMB9,108.6 million, down by 1.4%
- Group gross margin of 39.7%, up by 5.6%
- EBITDA of RMB1,172.1 million, up by 33.4%
- Profit attributable to equity holders of the Company of RMB704.9 million, up by 105.0%
- Proposed final dividend for 2009 of RMB5.875 cents per share and proposed special dividend for 2009 of RMB3.917 cents per share

CHAIRMAN'S STATEMENT

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

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

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

Optimizing the organizational and operational model and further developing the market

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

Centralization of resources for focused development

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

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

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

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

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

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

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

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

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

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

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

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

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

Staff training and development of management team

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

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

Vision for the future

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

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

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

Acknowledgement

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

Lo Chih-Hsien

Chairman

23 April 2010

GROUP RESULTS

Uni-President China Holdings Ltd. (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009.

CONSOLIDATED INCOME STATEMENT

	Note	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Revenue	3	9,108,610	9,241,571
Cost of sales	4	(5,491,943)	(6,085,853)
Gross profit		3,616,667	3,155,718
Other gains/(losses) – net		15,187	(4,428)
Other income		62,266	62,202
Selling and marketing expenses	4	(2,581,233)	(2,277,750)
Administrative expenses	4	(346,113)	(416,191)
Operating profit		766,774	519,551
Finance income		50,824	80,873
Finance costs		(3,866)	(157,542)
Finance income/(costs) – net	5	46,958	(76,669)
Share of results of jointly controlled entities		84,397	(734)
Share of results of associated companies		(1,658)	–
Profit before income tax		896,471	442,148
Income tax expense	6	(191,589)	(98,307)
Profit for the year and attributable to equity holders of the Company		704,882	343,841
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	7	19.58 cents	9.56 cents
Dividends	8	352,458	171,909

CONSOLIDATED BALANCE SHEET

	Note	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
ASSETS			
Non-current assets			
Leasehold land		184,985	171,952
Property, plant and equipment		2,174,043	1,956,937
Intangible assets		12,878	8,383
Interests in jointly controlled entities		446,640	306,448
Interests in associated companies		290,537	-
Available-for-sale financial assets		447,608	394,657
Deferred income tax assets		104,521	84,480
		<u>3,661,212</u>	<u>2,922,857</u>
Current assets			
Inventories		687,988	551,467
Trade and bills receivables	9	272,758	221,509
Prepayments, deposits and other receivables		147,430	145,486
Pledged bank deposits		24,627	10,803
Cash and cash equivalents		3,359,788	3,272,859
		<u>4,492,591</u>	<u>4,202,124</u>
Total assets		<u>8,153,803</u>	<u>7,124,981</u>

	Note	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
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		352,458	171,909
- Others		3,823,341	3,292,606
Total equity		6,453,826	5,742,542
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		17,119	–
Deferred government grants		3,239	5,956
		20,358	5,956
Current liabilities			
Trade and bills payables	10	507,391	513,003
Other payables and accruals		1,141,796	821,139
Borrowings		–	8,562
Other long-term liability – current portion		–	5,685
Current income tax liabilities		30,432	28,094
		1,679,619	1,376,483
Total liabilities		1,699,977	1,382,439
Total equity and liabilities		8,153,803	7,124,981
Net current assets		2,812,972	2,825,641
Total assets less current liabilities		6,474,184	5,748,498

NOTES:

1 GENERAL INFORMATION

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

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

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

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

2 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.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

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

- HKFRS 7 ‘Financial Instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- HKAS 1 (revised) ‘Presentation of financial statements’ – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKAS 23 (revised) ‘Borrowing costs’ – effective 1 January 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. As the Group has already chosen the allowed alternative treatment to capitalise borrowing costs attributable to qualifying assets under the original HKAS 23, there is no impact on earning per share.
- HKFRS 8 ‘Operating segments’ – effective 1 January 2009. HKFRS 8 replaces HKAS 14, ‘Segment reporting’, and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. It has no material impact on the Group’s financial statements as the present operating segments have been identified on the basis of internal reports reviewed by the decision maker.

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

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

- HKFRS 3 (revised) ‘Business combinations’ – effective 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
- HKAS 38 (amendment) ‘Intangible Assets’ – effective 1 July 2009. The amendment is part of the HKICPA’s annual improvements project published in May 2009 and the Group and Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The Group will apply HKAS 38 (amendment) from 1 January 2010.
- HKAS 1 (amendment) ‘Presentation of financial statements’ – effective 1 July 2009. The amendment is part of the HKICPA’s annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply HKAS 1 (amendment) from 1 January 2010.

3 REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

4 EXPENSES BY NATURE

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

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

5 FINANCE INCOME/(COSTS) – NET

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

6 INCOME TAX EXPENSE

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

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

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

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

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.

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

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

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

9 TRADE AND BILLS RECEIVABLES – GROUP

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

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

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

10 TRADE AND BILLS PAYABLES – GROUP

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Trade payables		
– to independent third parties	462,272	477,843
– to related parties	43,130	33,168
	<hr/> 505,402	<hr/> 511,011
Bills payable		
– to independent third parties	1,989	1,992
	<hr/> 507,391	<hr/> 513,003
	<hr/> 507,391	<hr/> 513,003

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

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

MANAGEMENT DISCUSSION & ANALYSIS

Economic Environment

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

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

Business Review

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

Financial Results

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

considerable amount of deposits in foreign currency held by the Group were converted into Renminbi and the exchange losses decreased, net finance income significantly increased to RMB47.0 million during the year (2008: net finance costs RMB76.7 million). In addition, share of earnings of jointly controlled entities substantially increased to RMB84.4 million (2008: losses of RMB0.7 million) due to the substantial increase in earnings of the Jinmailang Beverage (Beijing) Co., Ltd. during the year.

Instant Noodles

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

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

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

Juice Drinks

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

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

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

Tea Drinks

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

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

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

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

Business Unit

The sales platform construction of 2009 was as follows:

I. Strengthening of customer management system

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

II. Effectuation of market information

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

III. Comprehensive display seizure

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

IV. Optimization of distributor system

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

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

Research and Development and Quality Control

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

Development of new product

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

Quality optimization of existing products

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

Assurance of product quality:

- The 13 subordinate instant noodles, beverage production enterprises of the Group maintain the ISO9001 international quality management system and HACCP food safety and management certification.
- The Group continued to strengthen the qualification review of suppliers, and will conduct assessment and provide guidance to the cooperated suppliers. Quarterly statistical analysis and evaluation were conducted in regards to the quality of the supplied products. On site assessment and raw materials quality assessment were also conducted so as to ensure the quality and safety use of the raw materials.
- Strengthening quality control on national products:
 - In 2009, products produced by the plants each month are selected monthly to conduct sensory and quality supervision so as to monitor the conditions of the product quality in a timely manner. Sampling inspection was constantly conducted on the quality of the water for blending beverage.
 - In 2009, random samplings were constantly conducted on products across the markets of the country for inspection, review and analysis and other processes, so as to understand the quality of the products of the Group in market and improvements were made in aspects including formula, techniques and management in order to ensure the quality of the products in the market are up to the standards and to enhance the control on the quality of the product after sale.

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

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

Internal control

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

Financial Position

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

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

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

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

Treasury Policy

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

Human Resources and Remuneration Policy

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

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

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

AUDIT COMMITTEE

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

FINAL DIVIDEND AND SPECIAL DIVIDEND

The board of directors of the Company recommends the payment of a final dividend of RMB5.875 cents per share and a special dividend of RMB3.917 cents per share, totaling approximately RMB352,458,000, for the financial year ended 31 December 2009.

The final dividend and special 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 and special dividend will be paid on or around 30 June 2010 to shareholders whose names appear on the register of members of the Company on 2 June 2010.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2009, the Company has complied with all the code provisions of the Code on Corporate Government Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2 June 2010 to 4 June 2010 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend and special dividend, and be entitled to attend the annual general meeting of the Company, 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, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 1 June 2010. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on 4 June 2010, the final dividend and the special dividend will be paid on or around 30 June 2010.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The consolidated financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2008 or 2009 but is derived from those financial statements. The 2009 annual report of the Company will be published on the HKExnews website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and on the Company's website at <http://www.upch.com.cn> in due course.

By order of the Board
Uni-President China Holdings Ltd.
Lo Chih-Hsien
Chairman

Hong Kong, 23 April 2010

As at the date of this announcement, the board of directors of the Company consists of Mr. Lo Chih-Hsien and Mr. Lin Wu-Chung as executive directors, Mr. Kao Chin-Yen, 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. Hwang Jenn-Tai, Mr. Yang Ing-Wuu and Mr. Lo Peter as independent non-executive directors.

* *For identification purpose only.*