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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 2015 FINAL RESULTS

- Revenue amounted to RMB22,101.9 million, down by 1.7%
- Group gross margin of 36.8%, up by 4.3 percentage points
- EBITDA of RMB2,669.4 million, up by 36.6%
- Profit attributable to equity holders of the Company of RMB834.5 million, up by 192.3%
- Proposed final dividend for 2015 of RMB3.864 cents per share

CHAIRMAN'S STATEMENT

In 2015, the growth of Gross Domestic Product (GDP) of the People's Republic of China (the "PRC") continued to slow down. The GDP growth rate declined to 6.9% as compared with the same period last year, indicating that the slowdown of economic growth has become a new norm. The food and beverage industry continues to undergo structural adjustment. Development of existing products has generally slowed down or has begun to decline. In contrast, the innovated and upgraded new products have risen and lead the industry's development. Uni-President China Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") will continue to adjust the product structure to grasp the trend of consumers' demand, and take the new round of opportunities in the food and beverage industry to develop a new setup based on innovative researches and brand-building operation.

The Group operates on solid ground with steady finance, strong core competitiveness and good business management ability, and maintains the notion of “Stand Firm, No Rash (不浮躁 要紮實)” in order to continue to optimize the product and profit portfolios, which have become the most important indicator of assessment for each business department. By enhancing its general organization efficiency and refining its business nature, the Group expects to effectively respond to market changes, expand market size and maximize efficiency in the ever-changing and fast moving consumer goods market. The Group endeavors to achieve the business goals set by the Board of Directors (the “Board”) of the Company.

All employees of the Group have united to make efforts to promote the industry with innovative products. In respect of the juice and tea drinks as well as the instant noodles businesses, the Group has outperformed the overall industry in terms of growth. “Haizhiyan (海之言)”, “Classmate Xiaoming (小茗同學)” and “Soup Daren (湯達人)” have driven the Group’s revenue growth in 2015 and have effectively improved its profit structure. The Group has recorded a revenue of RMB22,101.9 million and a profit attributable to shareholders of RMB834.5 million in 2015.

In 2015, the entire instant noodles market continued to decline. In order to look for new opportunities, encourage industry upgrade and create consumer demands, the Group maintains its strategies to encourage the development of medium and high-end instant noodles. In 2015, the Group has recorded a revenue of RMB7,567.4 million on instant noodles, representing a decrease of 4.9% as compared with the same period last year. However, profit saw significant growth amidst the economic downturn due to successful transformation, appropriate adjustment of product structure and decline of raw material prices. “Lao Tan Pickled Cabbage and Beef Flavored Noodles (老壇酸菜牛肉麵)” remained top in sales in China’s spicy instant noodles market, while “Soup Daren (湯達人)” has grasped the trend of young consumers favoring medium and high-end instant noodles, and became the major brand on the market with a price tag over RMB5, recording a revenue of RMB500 million in 2015, and is expected to maintain a two digits growth in 2016. The Group has become the leading enterprise in the market of instant noodles priced above RMB5. In 2015, it continued to launch the fashionable “Light Noodle (輕蔬)” products with a whole new brand positioning and packaging to provide better choices to the consumers.

In 2015, the Group has recorded a revenue of RMB14,051.1 million on the beverages business, representing an increase of 0.3% as compared with the same period last year. As the overall economy growth is slowing down, the drinks market is also affected, recording an overall market growth of merely 1.2%. Meanwhile, the consumption model is quickly shifting, and the zero-sum competition between existing products and innovative products is significant. Based on the spirit of progress through innovation, the Group has launched two new brands: “Haizhiyan (海之言)” and “Classmate Xiaoming (小茗同學)” with strong sales trend amidst the declining market of tea and juice drinks. These two brands generated an aggregated revenue of over RMB2,500 million in 2015, which is distinguished within the drinks industry. This enables the Group to emerge from the low-priced competition in the past and turn a new leaf within the market of medium and high-end drinks.

The Group will continue to develop innovative and high-quality products to satisfy the consumers' demand to grasp the opportunities arisen with the transformation of consumers' demand. In 2016, the Group will adhere to its plans for new products development, and continue to launch high-quality differentiated and innovative products in order to solidify the Group's position within the markets of medium and high-end drinks and instant noodles.

DIVIDENDS

Based on the overall performance of the Group in 2015 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 RMB3.864 cents per share (amounting to a total dividend of RMB166.9 million) for the year ended 31 December 2015 at the forthcoming annual general meeting of the Company.

FUTURE PROSPECTS

The PRC's economy is expected to continue to slow down in 2016, while the GDP growth remains moderate. The food and beverage market will continue its transformation along with the adjustment of industrial structure. It is expected that the economies of scale and the advantage of low costs will no longer play an important part to the overall operation of corporations, and only corporations with innovations and proper brand management will have the opportunity to stand out from the homogeneous competition of low-priced products. The Group stays positive in the face of this new round of changes, and is optimistic about the development in 2016. The Group will focus on its core competitiveness and leverage on its organizational abilities in innovative development, to grasp the market trend and consumers' preference, and to continue developing high-quality innovative products. It will focus its operation in the major markets, satisfying the consumers' demands and create reasonable returns for 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

18 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

		2015	2014
	Note	RMB'000	RMB'000
Revenue	3	22,101,871	22,487,671
Cost of sales	4	<u>(13,961,138)</u>	<u>(15,179,284)</u>
Gross profit		8,140,733	7,308,387
Other gains – net		16,672	158,083
Other income		342,518	266,253
Other expenses	4	(132,320)	(98,243)
Selling and marketing expenses	4	(6,320,528)	(6,294,847)
Administrative expenses	4	<u>(1,015,577)</u>	<u>(967,783)</u>
Operating profit		1,031,498	371,850
Finance income		135,955	105,233
Finance costs		<u>(109,637)</u>	<u>(147,382)</u>
Finance income/(costs) – net	5	26,318	(42,149)
Share of profit of investments accounted for using the equity method		<u>112,945</u>	<u>84,977</u>
Profit before income tax		1,170,761	414,678
Income tax expense	6	<u>(336,256)</u>	<u>(129,141)</u>
Profit for the year and attributable to equity holders of the Company		<u>834,505</u>	<u>285,537</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>19.32 cents</u>	<u>7.18 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Note</i>	2015 RMB'000	2014 <i>RMB'000</i>
Profit for the year		834,505	285,537
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Fair value (losses)/gains on available-for-sale financial assets, net of tax		<u>(11,717)</u>	<u>609</u>
Other comprehensive income for the year, net of tax		<u>(11,717)</u>	<u>609</u>
Total comprehensive income for the year and attributable to equity holders of the Company		<u>822,788</u>	<u>286,146</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Land use rights		2,214,488	2,150,679
Property, plant and equipment		11,454,886	11,641,653
Investment properties		349,576	242,439
Intangible assets		33,885	28,614
Investments accounted for using the equity method		1,621,725	1,545,708
Available-for-sale financial assets		227,024	192,809
Deferred income tax assets		328,137	321,881
Other receivables – non-current portion		12,111	52,283
		<u>16,241,832</u>	<u>16,176,066</u>
Current assets			
Inventories		1,367,717	1,129,306
Trade receivables	9	529,198	487,418
Prepayments, deposits and other receivables		548,343	1,256,788
Financial assets at fair value through profit or loss		–	86,710
Cash and bank balances		2,919,329	2,128,121
		<u>5,364,587</u>	<u>5,088,343</u>
Total assets		<u>21,606,419</u>	<u>21,264,409</u>

	<i>Note</i>	2015 RMB'000	2014 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		39,764	39,764
Share premium account		4,829,899	4,829,899
Other reserves		2,274,569	2,213,148
Retained earnings		4,458,171	3,753,927
		<u>11,602,403</u>	<u>10,836,738</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		197,350	188,845
Borrowings		2,665,000	4,280,095
Other payables – non-current portion		439,149	237,985
		<u>3,301,499</u>	<u>4,706,925</u>
Current liabilities			
Trade payables	<i>10</i>	1,229,015	1,054,204
Other payables and accruals		3,836,107	3,026,862
Borrowings		1,589,316	1,556,273
Current income tax liabilities		45,941	83,093
Derivative financial instruments		2,138	314
		<u>6,702,517</u>	<u>5,720,746</u>
Total liabilities		<u>10,004,016</u>	<u>10,427,671</u>
Total equity and liabilities		<u>21,606,419</u>	<u>21,264,409</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 General information

Uni-President China Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 4 July 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

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

These consolidated financial statements are presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

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 all applicable 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.

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group in 2015

The following new amendments of HKFRSs are effective for the first time for the financial year beginning on 1 January 2015 and relevant to the Group's operations:

- Annual improvements 2012 include changes from the 2010 – 2012 cycle of the annual improvements project that are effective for relevant transactions executed on or after 1 July 2014:
 - Amendment to HKFRS 8 'Operating Segments' require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.
 - Amendment to HKAS 24 'Related Party Disclosures' clarify that the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
- Annual improvements 2013 include changes from the 2011 – 2013 cycle of the annual improvements project, that are effective for relevant transactions executed on or after 1 July 2014:
 - Amendment to HKFRS13 'Fair Value Measurement' clarify the portfolio exception allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.
 - Amendment to HKAS 40 'Investment Property' clarifies that the interrelationship between HKAS 40 and HKFRS 3 when classifying property as investment property or owner-occupied property.

The following new amendments of HKFRSs are effective for the first time for the financial year beginning on 1 January 2015 and not relevant to the Group's operations (although they may affect the accounting for future transactions and events):

- Amendment to HKAS 19 regarding defined benefit plans is effective for annual periods beginning on or after 1 July 2014. It applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.
- Amendment to HKFRS 3 'Business Combinations' is effective for relevant transactions executed on or after 1 July 2014. It clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

The adoption of the above new amendments of HKFRSs starting from 1 January 2015 did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2015.

- (b) New standards and amendments issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group

A number of new standards and amendments to existing standards have been issued but are not yet effective for the financial year beginning on 1 January 2015, and have not been early adopted by the Group in preparing these consolidated financial statements:

HKFRS 14 'Regulatory Deferral Accounts', effective for annual periods beginning on or after 1 January 2016.

Amendment to HKFRS 11 'Accounting for Acquisitions of Interests in Joint Operation', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKAS 16 and HKAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKAS 16 and HKAS 41 'Agriculture: Bearer Plants', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKFRS 10 and HKAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

Amendment to HKAS 27 'Equity Method in Separate Financial Statements', effective for annual periods beginning on or after 1 January 2016.

Annual improvements 2014 that affect the following standards: HKFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', HKFRS 7 'Financial Instruments: Disclosures', HKAS 19 'Employee Benefits' and HKAS 34 'Interim Financial Reporting', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 'Investment Entities: Applying the Consolidation Exception', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKAS 1 'Disclosure Initiative', effective for annual periods beginning on or after 1 January 2016.

HKFRS 15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018.

IFRS 16 'Leases', effective for annual periods beginning on or after 1 January 2019.

The Group is yet to assess the full impact of these new amendments and standards, and intends to adopt the amendments no later than the respective effective dates of the amendments.

(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 during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3 Revenue and segment information

The segment information for the year ended 31 December 2015 and 2014 is as follows:

	2015				Group RMB'000
	Beverages RMB'000	Instant noodles RMB'000	Others RMB'000	Unallocated RMB'000	
Segment results					
Revenue	<u>14,051,115</u>	<u>7,567,422</u>	<u>483,334</u>	<u>-</u>	<u>22,101,871</u>
Segment profit/(loss)	1,105,171	174,092	47,358	(295,123)	1,031,498
Finance income – net	-	-	-	26,318	26,318
Share of profit/(loss) of investments accounted for using the equity method	114,724	-	-	(1,779)	112,945
Profit before income tax					1,170,761
Income tax expense					(336,256)
Profit for the year					<u>834,505</u>
Other segment items included in the income statement					
Depreciation and amortisation	<u>1,000,285</u>	<u>279,440</u>	<u>44,633</u>	<u>78,750</u>	<u>1,403,108</u>
Segment assets and liabilities					
Assets	11,801,888	4,189,231	448,205	3,545,370	19,984,694
Investments accounted for using the equity method	1,461,263	-	-	160,462	1,621,725
Total assets					<u>21,606,419</u>
Liabilities	3,143,511	1,543,692	194,593	5,122,220	10,004,016
Total liabilities					<u>10,004,016</u>
Capital expenditure	<u>1,100,616</u>	<u>185,784</u>	<u>74,825</u>	<u>39,614</u>	<u>1,400,839</u>

	2014				Group RMB'000
	Beverages RMB'000	Instant noodles RMB'000	Others RMB'000	Unallocated RMB'000	
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/(loss) of investments accounted for using the equity method	113,389	–	–	(28,412)	<u>84,977</u>
Profit before income tax					414,678
Income tax expense					<u>(129,141)</u>
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	<u>1,545,708</u>
Total assets					<u>21,264,409</u>
Liabilities	2,774,594	1,192,923	110,485	6,349,669	<u>10,427,671</u>
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>

Assets grouped under unallocated category consisted primarily of deferred income tax assets, available-for-sale financial assets, cash and bank balances, and 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:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
The total of non-current assets other than financial instruments and deferred income tax assets		
– PRC	15,596,383	15,587,380
– Overseas countries	78,177	21,713
Financial instruments	239,135	245,092
Deferred income tax assets	328,137	321,881
	<u>16,241,832</u>	<u>16,176,066</u>

4 Expenses by nature

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials, packaging materials, consumables and purchased commodity used	12,167,255	12,847,671
Changes in inventories of finished goods	(173,073)	302,405
Manufacturing outsourcing expenses	1,860	2,048
Promotion and advertising expenses	2,417,906	2,350,078
Employee benefit expenses, including directors' emoluments	3,164,748	3,028,652
Transportation expenses	957,360	1,049,280
Amortisation of land use rights	57,018	57,649
Depreciation of property, plant and equipment	1,311,777	1,338,199
Depreciation of investment properties	18,665	11,913
Amortisation of intangible assets	15,648	5,286
Operating lease in respect of buildings	165,596	194,867
City construction tax, property tax and other tax surcharges	285,182	249,654
Reversal of provision for impairment of property, plant and equipment	(116)	(15)
(Reversal)/provision for impairment of trade receivables	(1,634)	3,683
Reversal of provision of inventories to net realisable value	(1,134)	(5,318)
Auditors' remunerations		
– Audit services	7,283	6,802
– Non-audit services	–	700
Others	1,035,222	1,096,603
	<u>21,429,563</u>	<u>22,540,157</u>
Total	<u>21,429,563</u>	<u>22,540,157</u>

5 Finance income/(costs) – net

	2015	2014
	RMB'000	RMB'000
Finance income – interest income on cash and banks	<u>135,955</u>	105,233
Interest expenses on borrowings	(155,910)	(162,399)
Net foreign exchange losses	(63,910)	(20,380)
Less: amounts capitalized on qualifying assets	<u>110,183</u>	35,397
	<u>(109,637)</u>	(147,382)
Finance income/(costs) – net	<u><u>26,318</u></u>	<u>(42,149)</u>

6 Income tax expense

	2015	2014
	RMB'000	RMB'000
Current income tax		
– Current tax on profit for the year	319,357	227,622
Deferred income tax	4,899	(98,481)
Withholding tax on dividends from a PRC subsidiary	<u>12,000</u>	–
	<u><u>336,256</u></u>	<u>129,141</u>

(a) PRC corporate income tax (“CIT”)

Subsidiaries established in the PRC are subject to CIT at rate of 25% (2014: 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告”), 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 the 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% (2014: 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% (2014: 25%) applicable to profits of the consolidated entities as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	<u>1,170,761</u>	<u>414,678</u>
Tax calculated at the statutory tax rate in the PRC	292,690	103,670
Tax effects of:		
Preferential tax rates on the profits of certain subsidiaries	(20,500)	(8,365)
Utilisation of previously unrecognized tax losses	(2,114)	(2,525)
Tax losses for which no deferred income tax asset was recognized	32,835	28,621
Income not subject to tax	(28,236)	(21,244)
Expenses not deductible for tax purpose	49,581	28,984
Withholding tax on dividends from a PRC subsidiary	12,000	–
Income tax expense	<u>336,256</u>	<u>129,141</u>

The income tax charge relating to components of other comprehensive income is as follows:

	2015			2014		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income						
– Net fair value (losses)/gains from available-for-sale financial assets	<u>(16,717)</u>	<u>5,000</u>	<u>(11,717)</u>	783	(174)	609
Deferred income tax		<u>5,000</u>			<u>(174)</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.

	2015	2014
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	834,505	285,537
Weighted average number of ordinary shares in issue (<i>thousands</i>)	4,319,334	3,976,154
Basic earnings per share (<i>RMB per share</i>)	<u>19.32 cents</u>	<u>7.18 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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Proposed final dividend of RMB3.864 cents (2014: RMB1.322 cents) per ordinary share	<u>166,901</u>	<u>57,107</u>

The dividends paid by the Company in 2015 and 2014 for the years ended 31 December 2014 and 2013 amounted to RMB57,123,000 (RMB1.322 cents per share) and RMB183,212,000 (RMB5.092 cents per share), respectively.

A dividend in respect of the year ended 31 December 2015 of RMB3.864 cents per share, amounting to a total dividend of RMB166,901,000, is to be proposed at the annual general meeting to be held on 20 May 2016. These financial statements do not reflect this dividend payable.

9 Trade receivables

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables from independent third parties	494,288	470,780
<i>Less: provision for impairment</i>	<u>(8,573)</u>	<u>(10,207)</u>
Trade receivables from independent third parties, net	485,715	460,573
Trade receivables from related parties	<u>43,483</u>	<u>26,845</u>
Trade receivables, net	<u>529,198</u>	<u>487,418</u>

The credit terms granted to customers by the Group are usually 60 to 90 days (2014: 60 to 90 days). The ageing analysis of trade receivables is as follows:

	2015 RMB'000	2014 <i>RMB'000</i>
Trade receivables, gross		
– Within 90 days	495,146	457,173
– 91 to 180 days	38,348	38,476
– 181 to 365 days	1,356	1,742
– Over one year	2,921	234
	<u>537,771</u>	<u>497,625</u>

As of 31 December 2015, trade receivables of RMB2,370,000 (2014: Nil) were past due but not impaired. These relate to a related party of the Group from whom there is no significant financial difficulty and based on past experience, the overdue amount can be recovered. The aging of these trade receivables are over one year.

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

	2015 RMB'000	2014 <i>RMB'000</i>
Trade receivables, gross		
– RMB	532,422	493,680
– USD	2,166	2,242
– HKD	3,183	1,703
	<u>537,771</u>	<u>497,625</u>

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

As at 31 December 2015, trade receivables of approximately RMB105.9 million (2014: RMB101.3 million) were overdue and the amount of provision for impairment was approximately RMB8.6 million (2014: RMB10.2 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:

	2015 RMB'000	2014 <i>RMB'000</i>
Trade receivables, gross		
– Within 90 days	65,724	60,889
– 91 to 180 days	38,348	38,476
– 181 to 365 days	1,356	1,742
– Over one year	551	234
	<u>105,979</u>	<u>101,341</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:

	2015 RMB'000	2014 <i>RMB'000</i>
At 1 January	10,207	7,115
Receivables written off as uncollectible	–	(591)
(Reversal)/provision for impairment of trade receivables	<u>(1,634)</u>	<u>3,683</u>
At 31 December	<u>8,573</u>	<u>10,207</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 payables

	2015 RMB'000	2014 <i>RMB'000</i>
Trade payables		
– to independent third parties	986,342	875,956
– to related parties	<u>242,673</u>	<u>178,248</u>
	<u>1,229,015</u>	<u>1,054,204</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:

	2015 RMB'000	2014 <i>RMB'000</i>
Trade payables		
– Within 30 days	971,428	796,153
– 31-90 days	187,948	173,610
– 91-180 days	43,782	66,971
– 181 to 365 days	16,848	10,963
– Over 1 year	<u>9,009</u>	<u>6,507</u>
	<u>1,229,015</u>	<u>1,054,204</u>

All 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

The growth of the PRC's GDP continues to slow down, with a year-on-year growth rate decreased to 6.9% in 2015. Slowed economic growth has become a new norm. Each industry is facing the pressure of structural adjustment and transformation. The PRC's food and beverage industry is impacted by the overall economy, showing a slowed growth or negative growth. Consumers' preferences are also quickly shifting. The zero-sum competition between different products or different types of product is very significant. Only with an understanding of the market trend can the Group succeed in the industrial structural adjustment and take the opportunity to create a future market.

BUSINESS REVIEW

The Group closely upholds the idea of innovative research and brand promotion. In 2015, under the pressure of a slowing economy, the Group endeavored to develop by innovation and successfully adjusted its product structure and increased the proportion of products with high gross profits. As a result, the Group's profitability is substantially increased. The performance of the main business of the Group is as follows:

FINANCIAL RESULTS

For the year ended 31 December 2015 (the "Year"), the Group recorded a revenue of RMB22,101.9 million, representing a decrease of approximately 1.7% from RMB22,487.7 million of 2014. Revenue from the instant noodles business decreased by 4.9%, and revenue from the beverages products business slightly increased by 0.3%, standing at RMB7,567.4 million and RMB14,051.1 million respectively, accounting for 34.2% and 63.6% respectively of the Group's total revenue. During the Year, gross profit of the Group increased by 11.4% from RMB7,308.4 million of the corresponding period last year to RMB8,140.7 million while gross profit margin increased by 4.3 percentage point from 32.5% for the corresponding period of last year to 36.8%, which were mainly due to the increase in the share of sales in high gross profit margin products of the Group and decrease in bulk purchase prices of raw materials.

During the Year, share of profits of investments accounted for using the equity method increased 32.8% to RMB112.9 million (2014: RMB85 million). Operating profit was RMB1,031.5 million for the Year, substantially increasing by 177.4% from the operating profit of RMB371.9 million for 2014. During the Year, profit attributable to equity holders of the Company was RMB834.5 million, representing an increase of 192.3% as compared with RMB285.5 million of the corresponding period last year, which were mainly attributable to the effective operation efforts and enhancement in competitive power of our products, as well as decrease in bulk purchase prices of raw materials. Earnings per share during the Year were RMB19.32 cents (2014: RMB7.18 cents).

During the Year, in light of the effective efforts of the Group in utilising marketing resources as well as the precision in positioning our brands and placing our channel resources in relation to launching new products, the selling and marketing expenses slightly increased by 0.4% to RMB6,320.5 million (2014: RMB6,294.8 million). During the Year, administrative expenses amounted to RMB1,015.6 million (2014: RMB967.8 million), an increase of 4.9% compared to the corresponding period last year, which was mainly due to a corresponding increase in surtaxes (such as urban maintenance and construction tax) resulting from the increase in gross profit margin of the Group, but still falls within the expectation of the management.

Instant Noodles Business

Since the overall economic growth is slowing down, in 2015 the Group's instant noodles business recorded a revenue of RMB7,567.4 million, representing a decrease of 4.9% as compared with the corresponding period last year. Amid the sluggish market, the Group leverages on our major competitive advantage of “innovation through thinking (有感創新)” and insists on the strategy of “value-based marketing (價值行銷)”, so as to gradually overcome the difficulty of low prices and product similarity, and to seek more market opportunities of in markets of high added values, and to promote long-term sustainable development through innovations. In 2015, the fall of prices of the main raw materials of instant noodles, coupled with the Group's continuous efforts in product structure adjustments, resulted in the gradual increase in the sales ratio of high-priced instant noodles, hence increasing the gross profit margin of the instant noodles business by 4.7% as compared with the corresponding period last year.

With regards to the market share and brand reputation aspects, data from Nielsen indicates that the Group's performance continues to improve, and recorded a market share of 18.3% in 2015. Market share of our core brand, “Uni-President Lao Tan Pickled Cabbage (統一老壇酸菜)” established its number one status among the brands. Market share of “Soup Daren (湯達人)” experienced a sharp increase, resulting in the Group taking the first place in the market of high-priced instant noodles brands selling at over RMB5 in 2015 (Nielsen's data). According to the “Research Report on the Online Reputation of Instant Noodle Brands (方便麵品牌網絡口碑報告)” for the third quarter of 2015 released by the Big Data Research Laboratory of China Statistics Information Service Center, the instant noodles of the Group has received the title of the best Internet word of mouth among the instant noodle brands for three consecutive years.

As the leading product of the pickled cabbage products category, we insisted on perfecting the experience of sourness and crunchiness for our products under the “Uni-President Lao Tan Pickled Cabbage (統一老壇酸菜)” series, and implemented a comprehensive upgrade on the product with a rich combination of vegetables and meat dices, bringing double enjoyment in both sight and taste for our consumers, reinforcing its image as the most authentic and delicious instant noodles brand in the minds of our consumers. During the Lunar New Year holidays of 2015, the Group cooperated with Mango TV, an influential TV station in the PRC, to launch a promotional event, during which every buyer of our products was rewarded with a VIP ticket for 7 days of free viewing, which was well received and

participated eagerly by the consumers. Meanwhile, the Group continued to hold the “authentic as you see it (正宗看得見)” pickled cabbage plant site-visits, allowing more and more consumers to experience the fermentation artistry of traditional pickled cabbage in person. In the new commercial video clip “Crafts Episode (工藝篇)”, “Uni-President Lao Tan Pickled Cabbage (統一老壇酸菜)” continued to be presented in a humorous style, in which the sound of fermentation “Gu-lu Gu-lu (咕嚕咕嚕)” was composed into a symphony to communicate the core idea that the authentic traditional pickled cabbage “can breathe and become more sour and crunchy (會呼吸 更酸爽)” during the fermentation process. In terms of our media mix, “Uni-President Lao Tan Pickled Cabbage (統一老壇酸菜)” has substantially increased the use of new media in response to the choice of media of younger consumers, so as to fully utilize the new media to better interact with our consumers.

“Soup Daren (湯達人)” has maintained a double-digits rapid growth in the Year. The Group continued to pursue the “Daren (達人)” spirit and strive for perfection of our products, and continued to optimize the undertone taste, giving the enjoyable sensation of “Bottoms-up for the Nourishing Soup (元氣高湯, 一碗到底)” to our consumers. The Group has placed intensive commercials on the first-tier satellite TV stations and video hosting websites with the new advertisement clip with a view to promote the reputation of “Soup Daren (湯達人)”. On the other hand, based on the detailed observation on our consumers, and the promotion of the brand’s notion of “Soup Makes Good Noodles (好麵湯決定)” through buzz marketing tactics, the Group conducted in-depth communication with our consumers, and showed the brand’s care towards the community.

In order to meet the consumers’ demand in brand-oriented, customized, diversified and high-end products, the Group has introduced a series of innovative brands and formed a 2.0 brand combination together with “Soup Daren (湯達人)”, among which “The Champion (冠軍榜)” further cooperated with “China’s time-honored brand (中華老字號)” “Mazilu (馬子祿)” under the brand positioning of “Famous Shop, Famous Noodles (名店名麵)”, and introduced gift set products, focusing on core cities and the core flavor of “Lanzhou Beef Noodles (蘭州牛肉麵)” which form the solid basis for the brand’s development. Instant noodles are associated with the negative image of being “unhealthy (不健康)”, “unnutritious (沒營養)” and “unsafe (不安全)”. Under such market environment, our “Light Noodle (輕蔬)” products revolutionize the consumers’ perceptions towards instant noodles, and introduce the notion of a “Sophisticated and Simple Life (精緻輕生活)” with little burden, by the characteristics of “no preservatives added (無添加防腐劑)”, “no artificial colors added (無添加人工色素)”, “no traditional powder and sauce bags (無傳統粉包、醬包)” and “vegetable infused noodles (蔬菜汁麵身)” of our products. The product is positioned within the RMB5 price-tag cup noodle group on the market which enjoys a promising prospect. It is also the first brand among the instant noodles segment to be packaged in couples’ cups, which attracted the attention of young men and women, and was well received once launched in the section of first-tier cities. In 2016, the Group will enhance the promotion effort for the “Light Noodle (輕蔬)” brand in major cities across the country, so as to bring an all new and innovative experience for consumers.

Troubled by the negative news of instant noodles, the ever-changing consumer demands and the cross-field competition from the emerging alternative dietary products, the instant noodles industry continues to decline in recent years and is undergoing the difficult transitioning period. Year 2016 is the first year of the “Thirteenth Five-Year Plan (十三五)”. The upcoming “new norms (新常態)” of medium-to-rapid economic growth and the state’s close attention to the issue of food safety will bring new market opportunities to the entire industry. As an industry player, the Group always orients from the consumers’ interests and takes food safety as its first priority to meet the increasing consumer demands, and insists on innovative replacements, as well as proactively contributes to the revival of the industry, and to assist and lead the entire industry on to the next generation, creating a new pattern of the instant noodles industry.

Beverages Business

During the Year, revenue from the Group’s beverages business amounted to RMB14,051.1 million. The performance of each major product line is described as follows:

Tea Drinks

Based on Nielsen’s data, the total sales volume of the beverage industry as a whole increased by 1.2% in 2015 as compared with the period in 2014, while the instant tea market (excluding milk tea) remained sluggish, recording a year-on-year decrease of 0.7%. The consumption trend continues to shift towards cool and healthy beverages and bottled water. However, under the impact of the slowdown of the overall economic growth, such growth has also slowed down.

In 2015, the Group’s tea drinks business continued to build its existing brands “Uni Ice Tea (統一冰紅茶)” and “Uni Green Tea (統一綠茶)”. Coupled with the outstanding performance of the new product “Classmate Xiaoming (小茗同學)”, the brand structure supported by the three main pillars was formed. The total revenue in 2015 amounted to RMB5,826.3 million, representing a year-on-year increase of 5.4%, which outperformed the overall beverage sector and the tea drinks market, with its market share increased to 24.8% in 2015.

“Classmate Xiaoming (小茗同學)” was launched on 18 March 2015, targeting the young consumer group born post-95 by introducing a special drink that resonates with them and is delicious and fun at the same time. In regards to the product itself, the drink meets the demand of the target consumers with its unique new packaging and refreshing and tasty flavor. As to the marketing effort, it was the sole sponsor of the TV show “I Am Going to School (我去上學啦)” first aired in July, which complemented the brand through an in-depth placement. The brand also participated in a series of promotional events such as the package design competition for students, theme video broadcasting and WeChat expression packages with brand new animation figures, in order to better engage with the consumers, and to efficiently enhance the brand reputation and recognition during the peak season to boost drinks sales.

“Uni Green Tea (統一綠茶)” continues the brand’s philosophy of “Experience the Nature (親近自然)” and launched its integrated promotion based on the “Cycling (騎行)” experience which combined virtual cycling activities with six cycling hot spots in reality, to introduce a different kind of “Refreshing (新鮮)” cycling experience to our consumers. The brand also sponsored the popular variety shows on the Sohu online video platform, so as to attract the attention of the young generation in a more distinctive way. “Uni Ice Tea (統一冰紅茶)” engaged the hot teenage idol Kris Wu (吳亦凡) as our new spokesman since March 2015 who manifested the new slogan of “Uni Ice Tea (統一冰紅茶)”, “Stay Young Forever (青春無極限)”. The brand has also launched various activities including the “Swipe Your Bottle and Get a Ride! (霸王放肆刷瓶)” and “Reborn in a 2-D World (變身二次元)” to interact with and engage our consumers, which became a sensation on the Internet and successfully attracted the targeted young generation consumers.

In 2016, the Group’s tea drinks will continue to follow the strategy of value-based marketing as the core. Facing the changes in the market environment and consumers’ demands, our tea drinks business will be supported by the main products “Uni Ice Tea (統一冰紅茶)” and “Uni Green Tea (統一綠茶)”, and the differentiated products, i.e. “Classmate Xiaoming (小茗同學)” and “TeaLaTour (緹拉圖)”, the second high-end brand of western fruit tea launched in 2016, will become the basis of our sales growth. The segmented product structure, coupled with the accentuated brand image and innovation, will enable us to face challenges head-on. “Uni Ice Tea (統一冰紅茶)” in 2016 has adopted a revolutionary new look to project a younger and hipper brand image, and communicates through the channels used by the youngsters born post-95, so as to attract attention of the consumers and pull back the young consumers. While “Uni Green Tea (統一綠茶)” continues to improve its existing classic products, a limited edition has been launched to create new brand messages and highlight the distinction and quality of our products. The new product “Classmate Xiaoming (小茗同學)” remains as a hit item and will go all out to expand its coverage in 2016. The Group will launch another new product “Liuliuda Tea (溜溜嚙茶)” to occupy the prosperous and valuable lactobacillus market with a distinguished flavor, and rely on its scarce resources to increase the media propaganda coverage and promote brand reputation. The Group will also use MicroBlogs, WeChat and QQ Space to form an online culture precisely aimed at the target groups.

Juice Drinks

In 2015, the juice sector recorded a revenue of RMB4,277.6 million, representing an increase of 8.6% as compared with the corresponding period last year. The overall growth rate outpaced the rest of the industry. Nielsen’s data indicates that the market share of the Group’s juice went up from 13.4% in 2014 to 14.7% in 2015, representing an increase of 1.3%.

In 2015, “Haizhiyan (海之言)” continued to follow its notion of “Cooling You Down (海掃酷熱)” and launched the event “Cooling You Down: Enjoy Cruise (海掃酷熱·暢想郵輪遊)”. The Group cooperated with the major media platform Youku to produce the show “90s kids, Come for the Cruise Trip (陽光90後·郵輪帶你去旅行)” to focus on in-depth communication with the target consumers born post-90 and emphasize the close relationship between “Haizhiyan (海之言)” and the ocean, where the two complement each other to maximize the broadcasting effect. Based on subject of interest of our consumers and their routine hotspots, the Group has placed eye-catching advertisements in several major cities which incorporated strong visual images such as cruise tour landmarks and oceanic subway trains, and has become the widespread hot topic in town. “Haizhiyan (海之言)” was recognized as a Groundbreaking Innovative Product in the Nielsen Fast Moving Consumer Goods Market 2015, with the “Lemon (檸檬)” and “Grapefruit (西柚)” flavors ranked number one in terms of market share among the low-concentration juices categories respectively. In 2016, the “Blackcurrant (黑加侖)” and “Peach (水蜜桃)” flavors of “Haizhiyan (海之言)” will be launched, giving new choices and novelty to our consumers. Celebrity Boran Jing (井栢然) has also signed on as the spokesman of the brand, thus further enriching our broadcasting content and enhancing the effect of our propaganda.

“Uni More Juice Series (統一多果汁)” maintained its notion of “More Vitamin C, More Beauty (多C多漂亮)” and upheld the principle of value-based marketing. In 2015, the brand renewed its contract with Jang Keun-Suk (張根碩), dubbed “Asian Prince”, and famous Korean actress Park Shin Hye (朴信惠), and employed Chinese zodiac animals as signs on the bottle and expressed the beautiful and humorous ideas through different facial expressions of the spokespersons, and popularizes the brand in a youth manner. In 2016, “Uni More Juice Series (統一多果汁)” focuses on the operation of the brand “More Orange Juice (鮮橙多)”, and maintained the idea of “beauty (漂亮)” in expanding the brand series horizontally. The brand will launch new products of orange flavor equipped with innovative technologies and fashionable packaging to project a younger image of the brand.

In 2015, “Seasonal Drinks (飲養四季)” closely followed the seasonal growth pattern of “Pears (梨)”. For marketing events, it celebrated the pear flower festival in spring and held pear tree adoption and pear harvest events in fall to achieve close interaction with consumers. In 2016, “Seasonal Drinks (飲養四季)” will focus on upgrade of packaging, and will continue to improve the uniqueness of the stewing techniques and demonstrate its efforts in material selection. Meanwhile, through comprehensive integrated online broadcasting, the Group will launch sales events that warm people’s heart, so as to establish a warm and reliable brand image.

In April 2015, the Group introduced two new products under the brand “Ruyin (如飲)” room-temperature beverages to the market: “White Fungus with Snow Pear (梨想萬歲)” and “Winter Melon & Tartary Buckwheat (冬瓜小蕎)”. In November 2015, it further introduced hot drinks series product “Stewed Pear with White Fungus Flavor Juice (梨好陽光)”, “Pomelo with Honey (柚見幸福)” and “Brown Sugar with Hot Ginger (薑暖花開)” which rapidly expanded and occupied a share in the market of warm beverages for winter. It insists on using the Chinese way to process the natively grown fruits. During the bottle label and packaging design creativity event “China on Bottle (瓶上中國)”, it communicated with consumers about the Chinese culture and established a brand image of “Chinese-style Fruit Drink (中式果飲)” which received attention of consumers.

In 2016, the juice sector will continue its path of innovation. The main product “Haizhiyan (海之言)” will be available in more flavors. The “More Juice (多果汁)” brand will launch the “Orange Plus (橙 PLUS)” series with the spotlight on the “Orange + Lime + Orange and Grapefruit Pulp (橙+青檸+橙柚果粒)” products. “Seasonal Drinks (飲養四季)” will be constantly upgraded to strive internal and external beauty, in order to convey a refreshing and energetic feeling to the consumers. In terms of different juice concentration and packaging material, the Group will start afresh in 2016, and introduce “Keep Sweet (恬蜜光年)” in bottle-can containers. In addition, 100% juice products in Tetra Pak packaging will be added to the brand “Yishang (怡賞)”. It meets the demands of family and personal meals in different occasions and completes the Group’s product strategy.

Milk Tea

Nielsen’s data shows that sales of the entire milk tea market declined by 20.2% in 2015 with the shift between types of goods being consumed. Under the difficult situation of the macro environment, the Group’s milk tea sector outperformed the industry with a market share of 67.8% of the year, representing an increase of 5.6 percentage points, as compared with the corresponding period last year, playing the advantageous role as number one in the market.

In 2015, the Group insisted on its core ideas of communication with consumers. It took advantage of the high reputation of “Assam (阿薩姆)” milk tea and integrated various flavors into the brand of “Uni Assam (統一阿薩姆)”. It introduced the rainbow bottles derived from the brand’s story, communicated with the youth born post-90 and strengthened the brand image and the brand’s uniqueness. It promoted the idea of “Factor and Image of Good Mood (好心情因數形象)” and demonstrated “Good Mood Follows You (好心情跟定你)” together with its spokesperson Amber Kuo (郭采潔). It associated the brand image of “Assam (阿薩姆)” milk tea with good mood through the optimal advertisement mix on China Central TV and satellite TV stations. With its soft placement in the online TV series “Detective Di Renjie (名偵探狄仁傑)” and its sponsorship on the show “I Am Going to School (我去上學啦)”, and a series of events including cooperation with the Communist Youth League of China and universities, it closely interacted with consumers.

In September 2015, the Group introduced “Little Assam Milk Tea (阿薩姆小奶茶)” as an upgraded sub-brand of “Assam (阿薩姆)”. The cute packaging design and carefully selected materials were recognized and appreciated by the consumers as soon as it was first launched on the market. The target consumer group of “Little Assam Milk Tea (阿薩姆小奶茶)” is the independent yet sociable young people born post-90. Through cooperation with Snoopy’s 65th Anniversary Movie, it introduced the brand idea of “Going Back to the Childhood of Milk Tea (回到奶茶小時候)”. In 2016, “Little Assam Milk Tea (阿薩姆小奶茶)” will strengthen the communication with consumers and promote the brand reputation through the theme of the year “Going Back to the Childhood of Milk Tea (回到奶茶小時候)”.

In 2016, the Group's milk tea sector will continue to promote its product competency and propaganda capacity. Apart from optimization of present packaging, it will also introduce customized new products that meet the demands of consumers from the new generation. It will continue to communicate to the consumers the image of "Good Mood Factor (好心情因子)" and build up the product image of "Assam (阿薩姆)" milk tea which brings good mood, and solidify its number one status in the milk tea market and further expand the scale of the milk tea market.

Coffee

As the nation's flavor preference, drinking habit and understanding towards coffee changes, the demands on coffee's quality and fine categorization have become more and more prominent. The developing trend for instant coffee is to become more youth-friendly and to improve its quality. In order to grasp this opportunity, the Group deployed a dual-brand strategy in 2015. In addition to the existing "A-Ha (雅哈)", it introduced a new brand "Lento (朗朵)" targeted at high-end coffee lovers which helped the Group to better meet the demands of different target groups.

In 2015, "A-Ha (雅哈)" focused on the transformation into a youth friendly brand. It fits into the present day young people's lifestyle with a passion of communication and socialization, and introduced the brand through "drinking and chatting". It promotes the brand idea of "Drinking the Right Flavor and Chatting Happily (對味喝、愉快聊)" which became popular among the young people. Based on the new positioning of the brand, "A-Ha (雅哈)" sponsored the second season of "Let's Talk (奇葩說)", the most popular online discussion show in 2015. The slogan "Chat Happily After Drinking A-Ha (喝了才能愉快聊天的雅哈咖啡)" has become popular among the young people. The new product series introduced in July 2015, "Hey Cool" and "Hey Smooth" met the demands of certain youngsters for original and cool taste of coffee as they contain low sugar, low fat and no added fragrance. In 2016, "A-Ha (雅哈)" will further increase its influence on the young people by illustrating and contextualizing "drinking and chatting (聊天交流)" scenarios, and will continue to sponsor the third season of "Let's Talk (奇葩說)" to jointly build the brand image.

"Lento (朗朵)" is targeted at people with higher ability to appreciate and taste coffee. With high technology, high quality and high level of convenience as its core advantages, the brand meets the consumer demand under different drinking circumstances with a diverse range of products. It is an instant coffee product made from 100% virgin extraction and refrigerated Australian condensed milk. "Lento (朗朵)" also introduced hanging-drip coffee bags made from single coffee beans, which aimed to bring consumers a fresher and high quality coffee experience.

Bottled Water

With exacerbation of environmental pollution and heightened health awareness, the growth rate of bottled water sales was 5.1%, ranked number two among all soft drinks and natural mineral water achieved two digits growth rate in 2015, as demonstrated by Nielsen's data. This indicates that the future bottled water market will develop along the line of high-end natural mineral water.

Based on the market trend, the Group focused on operation of the two major brands, “ALKAQUA (愛誇)” and “Bama Quan (巴馬泉)”. In 2015, the Group’s “ALKAQUA (愛誇)” advertisement had the theme “Good Feeling is Bubbling, Alkaqua is the Match (好感在冒泡, 愛誇很搭調)” and highlighted the idea of “Good Water, Unique Style (好水自有格調)”. In order to attract the attention of more young consumers, the advertisement has been placed in the hot online TV series “The Lost Tomb (盜墓筆記)” with decent effects.

Based on Nielsen’s data, sales of medium and high priced water have grown significantly. Hence, bottled water from better places of origin and with higher value is becoming more and more popular among consumers. In 2016, the Group will continue to promote the two major places of origin of high quality water: Bama, Guangxi, the “Longevity Village of the World (世界長壽之鄉)”; and Antu, Changbai Mountain, “The Original Town of Mineral Water in China (中國礦泉水之鄉)”. The Group will endeavor to provide consumers with better and healthier natural mineral water products. Meanwhile, in the aspect of marketing promotion, Mr. Wang Kai (王凱) will be invited as the spokesperson for the main brand “ALKAQUA (愛誇)” to enhance the brand’s reputation and image.

RESEARCH AND DEVELOPMENT

The research center of the Group maintains its innovative technology advantage within the industry and is striving to develop products with high additional values to drive up consumers’ demand. In order to protect its core technologies and its intellectual properties, as of December 2015, the research center owns 22 authorized patents and has filed the application for 36 patents applications which create a protection of its technological advantage.

The food research team maintains the notion of technological innovation. In August 2015, the “Light Noodle (輕蔬)” series was officially launched on the market. The series is developed based on the idea of “Light Diet and Low Burden (輕食低負擔)” and targets at the high-end cup noodles market for the white-collar consumer group. The noodle is made out of natural materials such as egg powder, carrot juice and green tea powder to maintain both the taste and the nutrition of the products. The soup is made from refined stew soup packs (精燉高湯包), served with abundant vegetables. Each cup of noodle contains 330 calories, which lower the burden of consumption for the consumers.

The tea team developed the “Classmate Xiaoming (小茗同學)” series in 2015 which was aimed at the demand of young people. With the technique of “Cold Tea without Bitterness (冷泡不苦澀)”, the product is fresh, mellow and not bitter. The unique flavor matched with distinctive packaging designs won support of consumers, thus making the product a paradigm of the Group’s youth-friendly and fashionable products.

In the aspect of juice, “Ruyin (如飲)” is made out of traditional Chinese ingredients following the Chinese ways of tea making. Its ingredient selection, condiments and crafts meet the preference of the Chinese better. After launching “Winter Melon & Tartary Buckwheat (冬瓜小蕎)” and “White Fungus with Snow Pear (梨想萬歲)”, it also launched the series of winter warm drinks targeted on the beverage market in the winter, including “Stewed Pear with White Fungus Flavor Juice (梨好陽光)”, “Brown Sugar with Hot Ginger (薑暖花開)” and “Pomelo with Honey (柚見幸福)”, which bring warmth to consumers in the cold winter. As to domestic consumers’ demand for healthy and pure fruit and vegetable juices, “Wei Shi Ke (微時刻)” has mixed up more than 7 kinds of fruits and vegetables in producing 100% fruit and vegetable juice products for each of the 3 daily meals: “Refreshing (醒)”, “Balanced (衡)” and “Clear (清)”. The juices with rich vitamins and fiber serve as “micro-meals (微餐)” for each meal, supplementing the nutrition for busy white-collar people.

The milk tea market remained shrinking in 2015. The consumers are gradually changing their demands for milk teas. The fresh and healthy milk teas are becoming more popular among white-collar people. The research teams responded to the new trend of the milk tea market and launched the “Simple Milk+Tea (簡單奶+茶)”, the “Assam Small Milk Tea (assam阿薩姆·小奶茶)”. The two flavors, i.e. “Xiao Zhen (小真)” and “Xiao Ye (小椰)” are made from Australian refrigerated milk. The “Pure Milk (純純的奶)” makes the “Smooth Tea (醇醇的茶)” which restores the fresh and fragrant milk flavors with low sugar and low fat to give a light taste and low burden, and has become the dominant brand within the milk tea market.

In recent years, the coffee market has become diversified. The research team of the Group has deliberately selected Colombian coffee beans to make the “A-Ha (雅哈)” and “Hey” series of coffee with low sugar and low fat and no flavor additives. With perfect match of deeply-baked beans and lightly-bake beans, the coffee is fragrant, clear and tasty.

FOOD SAFETY

The Group insists on the principle of “Good Quality, Good Faith, Good Service and Fair Price (品質好、信用好、服務好、價格公道)” and provides safe, healthy and delicious food to consumers. In order to enhance the good safety management system, the Group have established the Food Safety Committee and the Food Safety Center dedicated to establish the food safety system, produce food safety policies, upgrade food risk assessments, warning and monitoring and ensure food safety. In charge of the Group’s quality management, it produces and implements quality policies and ensures product quality.

The Group retains a proper regulatory mechanism for the supply chain of raw materials. It focuses on enhancing safety management of the food source from the supply chain as well as safety monitoring of finished food products. It implements review of food safety qualification, on-spot examination of suppliers’ food safety and establishes food safety monitoring mechanism for raw materials in order to ensure food quality safety monitoring from the source of the supply chain. It establishes factory qualification review and on-spot assessment mechanism. Finished products are released from factory upon strict enforcement of testing. The food safety projects for all products are closely monitored in order to ensure the safety and delicacy of the Group’s products.

The Group proactively carries out source management of supplies. In addition to supplier training, it also introduces third party professional organizations to review the suppliers and help them to establish effective food safety and quality control system. The Group comprehensively introduces food safety protection scheme from product design to production and sales in order to ensure the safety and health of consumers.

The Group pays close attention to various food safety incidents and timely conducts risk assessments. While improving its food safety management system, it eliminates similar raw materials and finished products related to those involved in incidents. It actively participates in relevant standards setting or amendments, gathers and publishes food safety laws and regulations as well as domestic and foreign food safety information to enhance awareness of food safety of the Group, and facilitates strict enforcement of food safety provisions and standards in order to ensure consumers' interests.

The Food Safety Testing Center under the Group passes the professional review of China National Accreditation Service for Conformity Assessment ("CNAS") every year since 2005. So far 165 items have passed testing. Meanwhile it combines the resources of laboratory of each subsidiary and external testing institutions to cover the testing requirements. It provides professional and authoritative testing services and technical supports for the Group to ensure food safety.

As of the end of 2015, 30 subsidiaries of the Group have passed ISO9001 Quality Management System, and 27 have passed ISO22000 Food Safety Management System. These certifications and honors require the Group to constantly improve its food safety and quality ensuring systems and enhance its ability to ensure food safety. Meanwhile, it also indicates that the Group not only provides delicious products to consumers, but also healthy and safety food.

PRODUCTIVITY STRATEGY

The Group is committed to focus on its operation, and will make continuous effort in product R&D and innovation, as well as building up brand value and establishment of sales channels, in the expectation to meet diverse demands of consumers and encourage growth of the corporation, so as to maximize profit. In addition to its own productivity, in light of centralizing the usage of resources for maximum efficiency, the Group has been cooperating with professional beverage original equipment manufacturer ("OEM") factories (including professional OEM manufacturers who are external independent third parties and connected corporations) to form strategic alliances. As a result, on top of our basic productivity, the Group has flexibility in adjusting its productivity by outsourcing production, so that the Group's resources can be fully and most efficiently employed on our key projects.

FINANCIAL ANALYSIS

Cash and Borrowings

As at 31 December 2015, the Group had cash and time deposits of RMB2,915.1 million (31 December 2014: RMB2,128.1 million), among which 78.7% were denominated in Renminbi and 21.0% were denominated in United States dollars, restricted bank deposit of RMB4.2 million (31 December 2014: Nil). During the Year, the Group mainly financed its working capital and capital expenditure by internally generated cash flows, credit facilities from principal bankers and the funds raised by issues of corporate bonds. As at 31 December 2015, the Group's total financial liabilities was RMB4,254.3 million (31 December 2014: RMB5,836.4 million), decreased by 27.1%, among which 62.6% were repayable over one year. 90.8% of the total financial liabilities were denominated in Renminbi and the remaining 9.2% was denominated in United States dollars. The net cash position in United States dollars after deduction of liability in United States dollar is USD183.8 million. As at 31 December 2015, 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 RMB65 million bank borrowings 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%, 3.4%, 3.5% and 3.9% per annum respectively. As at 31 December 2015, the Group did not have any secured bank borrowings (31 December 2014: Nil).

Financing

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Total borrowings	4,254,316	5,836,368
Less: cash and time deposits	(2,915,109)	(2,128,121)
Net debt	1,339,207	3,708,247
Total equity	11,602,403	10,836,738
Total capital	<u>12,941,610</u>	<u>14,544,985</u>
Gearing ratio (Note)	<u>10.35%</u>	<u>25.50%</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

As at 31 December 2015, the Group recorded a net decrease in cash and cash equivalents of RMB330.7 million, comprising net cash inflow from operating activities of RMB3,471.4 million, net cash outflow from financing activities of RMB1,717.1 million and net cash outflow from investing activities of RMB2,098.9 million. The net cash outflow from investing activities was mainly applied to the establishment of new production base for beverage businesses, purchase of machinery and equipment to produce new products, investments in new research and development equipment, financial products, etc. During the Year, the Group's capital expenditure amounted to RMB1,400.8 million (31 December 2014: RMB3,345.7 million).

Analysis of Operating Efficiency

Sales to most customers are made on a delivery on payment basis. Trade receivables are generated from credit sales to credit customers from modern channels (including but not limited to food and groceries stores, stalls and department stores) with credit terms normally ranging from 60 to 90 days. During the Year, as the number of our credit sales clients increased, net trade receivables increased by RMB41.8 million to RMB529.2 million (31 December 2014: RMB487.4 million).

The Group's trade payables mainly arose from credit purchase of raw materials, and the inventories mainly comprised raw materials, packaging materials, finished goods and low-value consumables. As sales of the finished products continued its good run, the Group increased its inventories of raw materials for production in preparation of the Lunar New Year, resulting in an increase in trade payables by RMB174.8 million to RMB1,229.0 million (31 December 2014: RMB1,054.2 million), while the inventories increased by RMB238.4 million from the last corresponding period to RMB1,367.7 million (31 December 2014: RMB1,129.3 million). The following table sets out the major turnover days during the year ended 31 December in the past 2 years.

	Year ended 31 December	
	2015	2014
Trade receivables turnover days	8	8
Inventories turnover days	32	31
Trade payables turnover days	<u>30</u>	<u>30</u>

Financial Management

The Group adhered to the principle of financial prudence. It sought to control risk variables and moved forward prudently by moderately adjusting its selling and marketing expenses according to market condition, and made appropriate capital expenditures to optimize and expand the basic infrastructure. The Group's finance 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 impacts of interest rate and exchange rate fluctuations on the Group's overall financial position, as well as minimizing the Group's financial risk exposure.

The Group's finance department provides centralized financial risk (including interest rate and foreign exchange risk) and cash flow management, and cost-effective funding for the Group and its members. During the Year, to strengthen regional concentration of transactional working region, improve work efficiency and operational focus and strengthen regional financial analysis functions, the Group has established a regional finance center and a regional settlement center in the Southern and Eastern china regions in 2015, with a view to improving capital efficiency and accounting treatment effectiveness.

Treasury Policy

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products and not to invest the working capital in financial products with significant underlying leverage or risk, including hedge funds or similar instruments. The Group continued to adopt a conservative approach to financial risk management with no significant borrowings during the Year.

Most of the Group's currency of receipt and payment is denominated in Renminbi since majority of its revenues are derived from operations in China. The Group may be exposed to foreign exchange risk arising from future borrowings from overseas and some of its recognized assets or liabilities, such as cash and cash equivalents and borrowings, which are denominated in other currencies. The Group uses foreign exchange forward contracts outside China, when appropriate, for risk management and to control the Group's assets and liabilities when interest or exchange rates are uncertain or fluctuating, or whenever suitable.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2015.

PROSPECTS

In 2016, the Group will continue to serve the long-term interest of its shareholders. Facing the quick transformation of consumption, the Group understands the market trend and strives to win support of consumers with differentiated, high-quality and fashionable products and seize opportunities to expand the market size of the Group. The Group will strictly enforce quality control at each stage to ensure the products meet the safety standard. Despite the slowing economic growth, the Group will efficiently utilize resources and increase business earnings to create higher value for shareholders.

HUMAN RESOURCES AND REMUNERATION POLICIES

On 31 December 2015, the Group has a total of 33,619 employees. Facing the enormous commercial opportunities in the PRC's beverage and food market, the Group will continue to recruit professional talents. On selection and retention of personnel, the Group has adopted a more practical and efficient way to meet the demand for human resources. The Group provides the new entry-level employees with timely training and humanitarian care to let them quickly adapt to the group. Meanwhile, the Group both openly promotes outstanding employees internally and recruits outstanding talents externally to maintain competency of the Group. It nourishes talents for companies' senior positions through advanced training, organized position rotation and continued education to meet the Group's demand for advanced personnel.

The Group's remuneration policies are based on performance, qualification and ability of its employees and directors, together with comparable market data and the Group's performance. As to the Group's remuneration policies, the Group has entered into individual employment contracts with its employees involving salary, allowance, social welfare, employee benefit, work safety, healthy environment, obligation of keeping commercial secret and termination conditions. Other than the employment contracts with intermediate and senior management personnel, such employment contract has a term for 1 to 3 years. The probationary period for new employees is 2 months.

This year, the total employee cost (including Director's fees) is RMB3,164.7 million (2014: RMB3,028.7 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 2015 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 RMB3.864 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 Wednesday, 8 June 2016 to shareholders whose names appear on the register of members of the Company on Monday, 30 May 2016.

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 of the Corporate Governance Code requires the Chairman of the Board 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 this code provision 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.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

RE-ELECTION OF DIRECTORS

In accordance with Article 130 of the articles of association of the Company, each of Mr. Su Tsung-Ming, Mr. Chen Sun-Te, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter will retire by rotation at the forthcoming annual general meeting of the Company. Each of Mr. Su Tsung-Ming, Mr. Chen Sun-Te, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter, being eligible, will offer himself for re-election.

Mr. Chen Johnny was appointed as an independent non-executive Director with effect from 1 December 2015. Pursuant to Article 114 of the Articles of Association, he shall hold office only until the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 May 2016 to Friday, 20 May 2016 (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, 20 May 2016, 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, 13 May 2016.

The register of members of the Company will be closed from Thursday, 26 May 2016 to Monday, 30 May 2016 (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, 25 May 2016.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Friday, 20 May 2016, the final dividend will be paid on or around Wednesday, 8 June 2016.

PUBLICATION OF ANNUAL REPORT ON THE 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 2014 or 2015 but is derived from those financial statements. The 2015 annual report of the Company will be published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the Company's website at <http://www.uni-president.com.cn> in due course.

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

18 March 2016

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. Su Tsung-Ming as non-executive director; and Mr. Chen Sun-Te, Mr. Chen Johnny, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter as independent non-executive directors.