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 2011 FINAL RESULTS

- Revenue amounted to RMB16,931.9 million, up by 34.5%
- Group gross margin of 29.2%, down by 2.9 percentage points
- EBITDA of RMB957.8 million, down by 4.1%
- Profit attributable to equity holders of the Company of RMB311.9 million, down by 39.9%
- Proposed final dividend for 2011 of RMB2.6 cents per share

CHAIRMAN'S STATEMENT

Global economy went into recession in 2011 as the US economy continued to wane and the European countries were in a debt crisis sparked by sovereign debts. International credit ratings agencies downgraded the sovereign ratings of some European countries and the credit ratings of various financial institutions. Moreover, the long-ailing Japanese economy suffered from a further blow in March after the earthquake and tsunami, which caused tremendous economic losses and casualties and, more fatally, nuclear pollution caused by radiation leak at Fukushima nuclear plants. Under the effective leadership of the government, the Chinese economy endured a chaotic year of 2011 and recorded a gross domestic product ("GDP") growth of 9.2%, indicating the improvement in people's livelihood and the growing consumption demand.

In the face of the challenges posed by rocketing raw materials prices and fierce competition, Uni-President China Holdings Ltd. (the "Company" and, together with its subsidiaries, the "Group") endeavored to focus on its key products by improving its product mix. With a practical, progressive and effective implementation of such strategy, the Group's revenue grew by 34.5% to RMB16,931.9 million in 2011. Sales of several products reached a record high with over RMB10,000 million for drinks and RMB5,000 million for instant noodles, and we look forward to another prosperous year in 2012.

The solid operating foundation, the sound financial position, the core competitiveness and efficient operating management allowed us to expand its market share and accomplish the operating targets set by the board of directors of the Company through organisational advancement and increased marketing. In order to achieve the corporate goals, we have stepped up the modification of our internal structure, improved our product mix and enhanced our management. The continual improvement of product portfolio and profitability was the most important element in assessing segment performance. Through better control over operating expenses and overheads and streamlining operation, our overall competitiveness was enhanced with higher organisational efficiency. We have also prepared for any future market opportunities by speeding up the construction of production base and increasing investments. The highlights of our work in 2011 are summarised as follows:

STAY FOCUSED IN BUSINESS STRATEGY AND STREAMLINE OPERATIONS

It is crucial to have a progressive operating plan in order to get ahead in the vast Chinese market. We opted to begin with building our advantages in selected regions by adapting our market strategies to local features. First, we set foot in selected cities where we can excel ourselves and gain competitive edges over industry peers, and our network stretched from such urban footholds to outer peripheral areas and other cities to allow consumers to purchase our products in major cities and nearby towns and rural areas. In the long run, market focus would also be placed on county-level cities with a population over 1 million with a view to centralise our resources input.

In 2011, we pursued the strategy of developing the mid-to-high end market of our instant noodles. Since the second half of 2008, we have adjusted the product mix by retaining only products which are well-performed and in line with our development strategies. Such approaches were proven effective as our key product, Lao Tan Pickled Cabbage and Beef Flavored Noodles（老壇酸菜牛肉麵）, became the second favorite flavored noodles in China. Overall operating income from instant noodles soared by 67.3% compared to the corresponding period last year and hit its peak. We also introduced the second key product at the right time, Braised Meat Flavored Noodles（滷肉麵）, which is hoped to be another driving force of the instant noodles business. The enhancement in the product mix of the instant noodles business has led to an outstanding profit of RMB165.1 million in 2011 and created a healthier product structure. Looking forward, we will make further investments into brand building so as to work towards corporate goals and achieve better results.

For the drinks business, we recorded a revenue of RMB10,688.6 million in 2011, increased by 21.5% compared with the corresponding period last year. Despite the middling performance of tea drinks due to the sentiment of the operating environment and industry, our juice drinks and milk tea posted satisfactory results, particularly the robust growth of the milk tea business which secures a market share of over 60.2%. The Group will adhere to its key product strategy and develop products which are well-liked by consumers and with high value for money to achieve better operations with an aim to offer quality products and acquire greater profits.

VIGOROUSLY EXPAND PRODUCTION CAPABILITY AND SET UP NEW PRODUCTION BASE

The Group has implemented its plant expansion plan, in which new production bases will be set up in various locations in China and new production lines will be added to existing production bases to replace obsolete ones. The objective of the plan is to boost overall productivity and it is anticipated that the Group will enter into a stage of rapid capacity expansion in 2012 and 2013. The introduction of new production lines with advanced technology will relieve the problem of capacity shortage, long transport distance and delivery time control.

FUTURE PROSPECTS

Even with the uncertainties of the global economy, it is expected that the Chinese economy will be able to sustain a steady growth under the national policy of stimulating internal demand. The government's constant efforts in narrowing the gap between urban and rural areas will bring about structural changes to the consumption market, and the rising disposal income per capita will offer tremendous development opportunities for the fast-moving consumer goods, food, beverages and retailing industries.

Under the guidance of the Twelve Five-Year Plan, the four East-West corridors and four North-South corridors of the high-speed rail network will significantly reduce travel distance and time, thereby expanding the "one-day living circle". The top six special economic zones will steer the country's economic development by spreading their economic influence over other developing areas.

By taking a pragmatic attitude towards its development, the Group will observe the direction of government policies and focus on developing its target markets. It is believed that with a progressive development of our market presence, together with our popular products and excellent product mix, we will be able to generate higher operating income and profit.

GOALS AND STRATEGIES

The operating goals of the Company are to bring shareholders' value to a maximum and constantly offer quality and well-received products to consumers. We will adhere to the following key principles in our long-term growth strategies:

1. To become a leading global enterprise by showing care and concern:

   In our goal of developing globally, we aim at integrating into local communities by paying extra attention in localising our operations and showing our care and concern about enhancing the prosperity and development of local economies.

2. To please our customers and stay ahead of the industry:

   We emphasise on adapting to local operating environments with high flexibility and establishing an effective system for handling customer feedbacks. By bearing the idea of putting customers first in our marketing objectives, we devote considerable resources to satisfy the demand of end consumers.

3. To inherit and maintain the core values of the corporation:

   We believe that some important virtues are necessary in our acts: be honest, work hard, be innovative, dare to change, be optimistic and positive, have a good attitude and be harmonious. We also treasure our following corporate values: be strong, be fair, think positive, stay humble, be considerate, think well, be upright, respect what we do, share happiness and be thankful for the society.

4. To recruit local talents to form operation teams with a global perspective:

   We hire local talents and cultivate them to exhibit their edges for contributing to the Group. We require our operation teams to possess global perspectives and visions and the expertise in global operations.

5. To establish an operating and management system which stresses product quality and safety:

   The first priority in our operating focus is to provide consumers with quality and safe products by closely monitoring our production and supply chain.

ACKNOWLEDGEMENT

The sustainable development of the Company rides on the staunch support and concerted efforts of different parties. On behalf of the board of directors, I herby extend my sincere gratitude to our clients, suppliers, business partners and shareholders for their full support and to our staff for their dedications and contributions over the past year.

Lo Chih-Hsien
Chairman

27 March 2012

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 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Revenue	3	**16,931,929**	12,590,784
Cost of sales	4	**(11,989,317)**	(8,547,727)
Gross profit		**4,942,612**	4,043,057
Other gains – net		**69,173**	55,848
Other income		**135,972**	74,962
Other Expenses	4	**(45,930)**	–
Selling and marketing expenses	4	**(4,292,431)**	(3,291,481)
Administrative expenses	4	**(548,153)**	(324,149)
Operating profit		**261,243**	558,237
Finance income		**126,206**	59,807
Finance costs		**(31,144)**	(4,605)
Finance income – net	5	**95,062**	55,202
Share of results of jointly controlled entities and associates		**40,086**	69,026
Profit before income tax		**396,391**	682,465
Income tax expense	6	**(84,451)**	(163,397)
Profit for the year and attributable to equity holders of the Company		**311,940**	519,068
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	7	**8.67 cents**	14.42 cents
Dividends	8	**93,582**	155,712

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	RMB'000	*RMB'000*
Profit for the year	**311,940**	519,068
Other comprehensive income:		
Transfer of fair value gains previously taken to reserve to income statement upon disposal of available-for-sale financial assets	**(20,322)**	(27,279)
Fair value gains on available-for-sale financial assets, net of tax	**15,452**	66,380
Other comprehensive income for the year, net of tax	**(4,870)**	39,101
Total comprehensive income for the year and attributable to equity holders of the Company	**307,070**	558,169

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
ASSETS			
Non-current assets			
Land use right		**1,272,155**	255,505
Property, plant and equipment		**5,579,385**	3,120,990
Investment properties		**101,469**	–
Intangible assets		**8,054**	10,705
Interests in jointly controlled entities		**158,941**	88,337
Interests in associates		**1,023,272**	740,121
Available-for-sale financial assets		**511,207**	532,828
Deferred income tax assets		**156,479**	130,147
Other receivables – non-current portion		**309,410**	300,383
		9,120,372	5,179,016
Current assets			
Inventories		**1,274,163**	1,139,147
Trade receivables	*9*	**513,305**	400,995
Prepayments, deposits and other receivables		**442,894**	429,492
Pledged bank deposits		**17,608**	4,673
Cash and cash equivalents		**2,369,050**	2,427,362
		4,617,020	4,401,669
Total assets		**13,737,392**	9,580,685
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		**93,582**	155,712
– Others		**4,439,286**	4,225,798
Total equity		**6,810,895**	6,659,537

	Note	**2011**	2010
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		**165,181**	17,251
Borrowings		**1,511,915**	–
Other payables – non-current portion		**162,822**	–
		1,839,918	17,251
Current liabilities			
Trade and bills payables	*10*	**1,195,779**	1,019,984
Other payables and accruals		**2,244,265**	1,655,642
Borrowings		**1,584,217**	165,639
Current income tax liabilities		**62,318**	62,632
		5,086,579	2,903,897
Total liabilities		**6,926,497**	2,921,148
Total equity and liabilities		**13,737,392**	9,580,685
Net current (liabilities)/assets		**(469,559)**	1,497,772
Total assets less current liabilities		**8,650,813**	6,676,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2012.

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.

Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011:

- HKAS 24 (Revised), 'Related Party Disclosures' is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

    - The name of the government and the nature of their relationship;
    - The nature and amount of any individually significant transactions; and
    - The extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party. The Group has applied this new accounting police; however it has no impact on the financial statements.

(b) *New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted*

The Group's assessment of the impact of these new and amended standards is set out below.

- HKFRS 7 (Amendment), 'Disclosures – Transfers of financial assets' will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- HKFRS 7 (Amendment), 'Financial instruments: Disclosures - Offsetting financial assets and financial liabilities' requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. Group is yet to assess HKFRS 7 (Amendment)'s full impact and intends to adopt HKFRS 7 (Amendment) upon its effective date, which is for the accounting period beginning on or after 1 January 2013.

- HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 upon its effective date, which is for the accounting period beginning on or after 1 January 2015.

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess HKFRS 11's full impact and intends to adopt HKFRS 11 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group is yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

- HKAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 (revised 2011) have been included in the new HKFRS 10. The Group is yet to assess HKAS 27 (revised 2011)'s full impact and intends to adopt HKAS 27 (revised 2011) no later than the accounting period beginning on or after 1 January 2013.

- HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. The Group is yet to assess HKAS 28 (revised 2011)'s full impact and intends to adopt HKAS 28 (revised 2011) no later than the accounting period beginning on or after 1 January 2013.

- HKAS 32 (Amendment) clarifies the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right of set-off'; and (ii) that some gross settlement systems may be considered equivalents to net settlement. The Group is yet to assess HKAS 32 (Amendment)'s full impact and intends to adopt HKAS 32 (Amendment) no later than the accounting period beginning on or after 1 January 2014.

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

The segment information for the year ended 31 December 2011 and 2010 is as follows:

	2011				
	Beverages *RMB'000*	Instant noodles *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Group *RMB'000*
Segment results					
Revenue	**10,688,584**	**5,936,314**	**307,031**	**–**	**16,931,929**
Segment profit/(loss)	**228,765**	**165,089**	**(21,416)**	**(111,195)**	**261,243**
Finance income – net					**95,062**
Share of results of jointly controlled entities and associates	**43,429**	**–**	**–**	**(3,343)**	**40,086**
Profit before income tax					**396,391**
Income tax expense					**(84,451)**
Profit for the year					**311,940**
Other segment items included in the income statement					
Depreciation and amortisation	**341,775**	**155,060**	**6,572**	**26,856**	**530,263**
Segment assets and liabilities					
Assets	**6,279,697**	**2,518,792**	**171,817**	**3,584,873**	**12,555,179**
Interests in jointly controlled entities	**150,644**	**–**	**–**	**8,297**	**158,941**
Interests in associates	**817,275**	**–**	**–**	**205,997**	**1,023,272**
Total assets					**13,737,392**
Liabilities	**2,208,944**	**1,209,764**	**30,655**	**3,477,134**	**6,926,497**
Total liabilities					**6,926,497**
Capital expenditure	**2,510,908**	**694,713**	**91,764**	**864,669**	**4,162,054**

	2010				
	Beverages	Instant noodles	Others	Unallocated	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment results					
Revenue	8,796,361	3,549,082	245,341	–	12,590,784
Segment profit/(loss)	637,421	(9,946)	1,678	(70,916)	558,237
Finance income – net					55,202
Share of results of jointly controlled entities and associates	71,576	–	–	(2,550)	69,026
Profit before income tax					682,465
Income tax expense					(163,397)
Profit for the year					519,068
Other segment items included in the income statement					
Depreciation and amortisation	262,891	89,109	7,680	12,215	371,895
Segment assets and liabilities					
Assets	4,041,913	1,279,723	129,252	3,301,339	8,752,227
Interests in jointly controlled entities	78,710	–	–	9,627	88,337
Interests in associates	677,145	–	–	62,976	740,121
Total assets					9,580,685
Liabilities	1,682,019	890,378	47,787	300,964	2,921,148
Total liabilities					2,921,148
Capital expenditure	1,315,796	81,892	13,168	835	1,411,691

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 land use right, property, plant and equipment, investment properties and intangible assets.

4 Expenses by nature

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

	2011	2010
	RMB'000	*RMB'000*
Raw materials, packaging materials, consumables and purchased commodity used	**10,501,388**	7,056,622
Changes in inventories of finished goods	**69,346**	232,135
Manufacturing outsourcing expenses	**233,579**	274,724
Promotion and advertising expenses	**1,698,700**	1,425,747
Employee benefit expenses, including directors' emoluments	**1,877,393**	1,334,625
Transportation expenses	**832,853**	655,933
Amortisation of land use right	**20,838**	4,704
Depreciation of property, plant and equipment	**503,686**	363,699
Depreciation of investment properties	**1,915**	–
Amortisation of intangible assets	**3,824**	3,492
Operating lease in respect of buildings	**153,689**	106,415
City construction tax, property tax and other tax surcharges	**131,762**	36,718
Reversal of provision for impairment of property, plant and equipment	**(17)**	(65)
Provision for impairment of trade receivables	**679**	1,677
Reversal of provision for impairment of other receivables	**–**	(31,247)
(Reversal of provision)/write-down of inventories to net realisable value	**(6,305)**	8,556
Auditors' remunerations	**6,230**	6,264
Others	**846,271**	683,358
Total	**16,875,831**	12,163,357

5 Finance income – net

	2011	2010
	RMB'000	*RMB'000*
Finance income – interest income on cash and cash equivalents	**61,164**	59,807
Net foreign exchange gains/(losses)	**65,042**	(3,625)
	126,206	56,182
Interest expenses on bank borrowings	**(31,144)**	(980)
Finance income – net	**95,062**	55,202

6 Income tax expense

	2011	2010
	RMB'000	*RMB'000*
Current income tax		
– Current tax on profit for the year	**113,644**	178,978
– Withholding tax on profit distributed by a PRC subsidiary	**–**	11,500
Deferred income tax	**(29,193)**	(27,081)
	84,451	163,397

The Company was 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.

According to the New CIT Law, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% upon the distribution of such profits to foreign investors.

Subsidiaries incorporated in Taiwan and Hong Kong are subject to income tax at the prevailing rates of 25% and 16.5% (2010: 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.

	2011	2010
Profit attributable to equity holders of the Company *(RMB'000)*	**311,940**	519,068
Weighted average number of ordinary shares in issue *(thousands)*	**3,599,445**	3,599,445
Basic earnings per share *(RMB per share)*	**8.67 cents**	14.42 cents

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

8 Dividends

The dividends paid by the Company in 2011 and 2010 amounted to RMB155,712,000 (RMB4.326 cents per share) and RMB352,458,000 (RMB9.792 cents per share) respectively.

A dividend in respect of the year ended 31 December 2011 of RMB2.600 cents per share, amounting to a total dividend of RMB93,582,000, is to be proposed at the annual general meeting to be held on 17 May 2012. These financial statements do not reflect this dividend payable.

	2011	2010
	RMB'000	*RMB'000*
Proposed final dividend of RMB2.600 cents (2010: RMB4.326 cents) per ordinary share	**93,582**	155,712
	93,582	155,712

9 Trade receivables – Group

	2011	2010
	RMB'000	*RMB'000*
Trade receivables from independent third parties	**517,606**	403,503
Less: provision for impairment	**(9,115)**	(9,049)
Trade receivables from independent third parties, net	**508,491**	394,454
Trade receivables from related parties	**4,814**	6,541
Trade receivables, net	**513,305**	400,995

The credit terms granted to customers by the Group are usually 60 to 90 days (2010: 60 to 90 days). The ageing analysis of trade receivables is as follows:

	2011	2010
	RMB'000	*RMB'000*
Trade receivables, gross		
– Within 90 days	**474,468**	366,956
– 91 – 180 days	**44,696**	39,866
– 181 – 365 days	**3,120**	2,313
– Over 1 year	**136**	909
	522,420	410,044

10 Trade and bills payables – Group

	2011	2010
	RMB'000	*RMB'000*
Trade payables		
– to independent third parties	**1,108,368**	1,001,325
– to related parties	**85,526**	16,458
	1,193,894	1,017,783
Bills payable		
– to independent third parties	**1,885**	2,201
	1,195,779	1,019,984

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

	2011	2010
	RMB'000	*RMB'000*
Trade payables		
– Within 180 days	**1,180,331**	1,009,374
– 181 to 365 days	**5,473**	5,092
– Over 1 year	**8,090**	3,317
	1,193,894	1,017,783

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

11 Commitments

(a) Capital commitments

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

	2011	2010
	RMB'000	*RMB'000*
Contracted but not provided for	**254,701**	134,276

(b) Operating lease commitments

The Group is the lessee:

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

	2011	2010
	RMB'000	*RMB'000*
Not later than 1 year	**23,499**	17,067
Later than 1 year and not later than 5 years	**35,286**	14,131
Later than 5 years	**131,108**	–
	189,893	31,198

The Group is the lessor:

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

	2011	2010
	RMB'000	*RMB'000*
Not later than 1 year	**28,859**	945
Later than 1 year and not later than 5 years	**61,872**	1,890
Later than 5 years	**24,330**	–
	115,061	2,835

(c) Investment commitments

As at 31 December 2011, the Group has following significant commitments in respect of capital contribution to investments:

(i) Pursuant to a subscription agreement entered into in November 2010, the existing shareholders of Wondersun Dairy agreed to subscribe for additional shares in proportion of their respective equity interests. As at 31 December 2011, the Group has made additional capital contribution of approximately RMB51,665,000 to Wondersun Dairy, representing 50% of the committed new subscription of share capital. The remaining commitment of investment of approximately RMB51,665,000 is payable no later than the first quarter 2013.

(ii) In April 2009, the Group together with other investors set up a Sino-foreign joint venture company in the PRC, China F&B, for the purpose of investments in companies engaging in food and beverage business in the PRC. The Group has agreed to subscribe, in aggregate, 39.74% of the registered capital of China F&B at a total subscription price of RMB245,000,000. As at 31 December 2011 and up to the date of approval of these consolidated financial statements, the Group has made capital injection of RMB220,500,000, with the remaining investment commitment of RMB24,500,000, which has been committed to be paid no later than April 2014.

(iii) In December 2010, the Group entered into an agreement with a third party in respect of the establishment of a joint venture company, Wuhan Zijiang President Enterprises Food Co., Ltd. for the purpose of production of PET bottle mould products for the Group. Pursuant to the agreement, the Group has agreed to subscribe, in aggregate, 50% of the total registered capital of the joint venture company at a total subscription price of USD10,000,000 (approximately RMB66,227,000). As at 31 December 2011 and up to the date of approval of these consolidated financial statements, the Group has made capital injection of RMB49,500,000 with the remaining investment commitment of RMB16,727,000.

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC ENVIRONMENT

In 2011, the world was shaken by continuous setbacks in the major economies such as the spreading debt crisis in the Euro zone and the escalating risk of economic depression in the United States. However, the Chinese economy benefited from the reviving domestic demand and the effective implementation of macroeconomic control measures and recorded a GDP for the year of approximately RMB47,156.4 billion, representing a growth of 9.2% as compared with 2010. The overall economy saw a stable growth and total national retail sales of consumer products for the year were approximately RMB 18,391.9 billion, representing an increase of 17.1% compared with last year. Urban retail sales of consumer products amounted to approximately RMB15,955.2 billion, jumped by 17.2% from last year, while rural retail sales of consumer products were approximately RMB2,436.7 billion, increased by 16.7% from last year. The vigorous demand in the general consumer market, as proven by the double-digit growth of sales of consumer goods in urban and rural areas, presented business opportunities for many different industries and drove the sales growth of the Group's products such as instant noodles and beverages.

BUSINESS REVIEW

After reaching the new milestone of over RMB10 billion in revenue in 2010, the Group will continue to implement its focused operating strategies, improve its product mix and adopt a pragmatic approach in operations, so as to deliver better results under the leadership of its new president. The Group's profit was under pressure due to the hiking raw materials prices, as the prices of major raw materials of the Group's products, such as polyester chips and sugar for its beverages and palm oil for its instant noodles increased by 20-30% and more than 30%, respectively. A description of the Group's principal businesses is as follows.

FINANCIAL RESULTS

For the year ended 31 December 2011 (the "year under review"), the Group recorded a revenue of RMB16,931.9 million, representing an increase of 34.5% from RMB12,590.8 million for the corresponding period of last year. Revenue from the instant noodles and beverages products amounted to RMB5,936.3 million and RMB10,688.6 million respectively, accounting for 35.1% and 63.1% respectively of the Group's total revenue. During the year under review, gross profit increased by 22.2% to RMB4,942.6 million while gross profit margin dropped 2.9 percentage points from 32.1% for the corresponding period of last year to 29.2%. During the year under review, in spite of the surging revenue from beverages products and instant noodles of 21.5% and 67.3% respectively as compared with the corresponding period of last year, gross profit margin dropped due to the hiking prices of raw materials. In light of the continuous and rapid growth of the Chinese economy during the year, the Group expanded its customer base, developed new markets and enhance its sales network by actively implementing its marketing strategies of increasing television advertising and enhancing product promotion across the country, causing selling and marketing expenses for the year under review to increase to RMB4,292.4 million (2010: RMB3,291.5 million). During the year under review, administrative expenses increased by 69.1% to RMB548.2 million (2010: RMB324.1 million), which was mainly attributable to the expansion of operating scale in line with the Group's business expansion plan and the increase in staff cost in relation to the hiring of professional management talents for meeting the requirements of rapid capacity expansion in 2012 and 2013. Profit attributable to equity holders of the Company amounted to RMB311.9 million, dropped 39.9% from RMB519.1 million for the corresponding period of last year. During the year under review, bank deposits of the Group were mainly denominated in Renminbi. Net finance income for the year increased to RMB95.1 million (net finance income for 2010: RMB55.2 million) due to the proper allocation of the Group's financial assets. In addition, share of results of jointly controlled entities and associates fell by 41.9% to RMB40.1 million (2010: RMB69.0 million) due to the decrease in earnings of Jinmailang Beverage (Beijing) Co., Ltd. during the year. During the year under review, earnings per share were RMB8.67 cents (2010: RMB14.42 cents).

Instant Noodles Business

In 2011, the Group's instant noodles business saw a significant growth with an annual revenue of approximately RMB5,936.3 million, increased by 67.3% compared to the corresponding period last year. According to ACNielsen, its annual market share reached 13.5%, rose by 4 percentage points from 9.5% in 2010. The Group's key product, Lao Tan Pickled Cabbage and Beef Flavored Noodles（老壇酸菜牛肉麵）, has become popular across the nation and ranked second among the top-selling flavors.

ACNielsen's 2011 research reported a drop of 1.9% from 2011 in general sales of instant noodle sale with sales figures rising by 15.2%, indicating a trend towards a mid-to-high pricing. Since the second half of 2008, the Group has adopted a core strategy of mid-to-high priced instant noodles, with Lao Tan Pickled Cabbage and Beef Flavored Noodles as the focal product, which has seen remarkable results of rapid growth for three consecutive years. Such overwhelming success has driven the sales growth of pickled vegetable flavored instant noodles and attracted industry peers to launch similar products, thereby bringing major changes in the flavors offered in the general market. According to ACNielsen, market share of pickled cabbage and beef flavored noodles surged to 10.7% in 2011 from 5.3% in 2010, while that of braised beef flavored and spicy beef flavored noodles went down by 3.0% and 0.3% respectively, proving that pickled cabbage and beef flavored noodles have successfully gained market share from other flavors and well started a trend. Among the 10.7% market share attributable to pickled cabbage and beef flavored noodles, the Group's Lao Tan Pickled Cabbage and Beef Flavored Noodles accounted for 7.3%, hence securing a leading market position. Compared with other top-selling flavors which have been on market for many years, the Group believes that Lao Tan Pickled Cabbage and Beef Flavored Noodles will have enormous development potential in the future. By continuously implementing our effective key product strategy, revenue of the Group's instant noodle has been on the upswing for three consecutive years at a rate far above the market average. Moreover, in its concerted effort to improve its product mix, the Group also recorded an increase in gross profit for 2011 despite constantly high raw materials prices. Getting over its loss-making trend, the Group achieved a profit of RMB165.1 million, which has laid a solid foundation for future expansion.

In 2012, the Group will maintain its focus on Lao Tan Pickled Cabbage and Beef Flavored Noodles. Under the experience-oriented marketing campaign featuring "A Perfect Experience of Sourness and Al Dente Texture", the Group allowed consumers to experience such "unbelievable sourness and crispness" from the senses of sight, smell and taste, and has approached hundred millions of new consumers and established a base of over 35 million loyal consumers. While focusing on Lao Tan Pickled Cabbage and Beef Flavored Noodles, the Group also set its sights on the even larger market of non-spicy flavors and launched another key product, which is inspired by braised meat, a traditional Sichuan cuisine very popular among Chinese consumers. The highlight of the newcomer, Braised Meat Flavored Noodles（滷肉麵）, is the rich and unique braised meat sauce. The trial launch of the Braised Beef Flavored Noodles（滷香牛肉麵）took place in August 2011 in eastern, central and southwestern China, with a series of marketing campaigns including free tasting and experience at experience stations and water vans under the theme "Enjoy the Perfect Taste of Braised Meat" to allow tasting the "unbelievably rich aroma of braised meat". The trial launch has been performing well, and it is anticipated that the product will follow the successful mode of Lao Tan Pickled Cabbage and Beef Flavored Noodles after its official nationwide launch in 2012 and give renewed impetus to the growth and expansion of the Group's instant noodle business.

By taking advantages of the popularity of its featured products, the Group continued to expand its channel network and put more resources in seeking new customers. After three years of effort, the Group has completed its dealers or distributors network in the southern Chinese market from first-tier cities to prefecture-level cities, counties and rural towns. It has also completed the construction of the dealer network from first-tier cities to prefecture level cities in northern China, while that in county-level cities and rural towns is expected to be completed in 2012.

With a good track record in sales, the Group enjoyed greater benefits in the media including major satellite TV stations, local TV stations in China and, most importantly, China Central Television for a nationwide media coverage to boost product sales. In its promotion campaign, the Group emphasises the "unbelievable sourness and crispness" of Lao Tan Pickled Cabbage and Beef Flavored Noodles and continues to invite renowned TV program host Mr. Wang Han as pitchman, who introduces consumers to the unbelievably divine taste of such unique product and induces their food craving with his TV commercials. The Group will also devote considerable resources in pursuing media coverage of its second featured product, Braised Meat Flavored Noodles, so as to capture market share.

Despite the global economic environment, demand and supply relations and climate change as well as the rising price of major raw materials of instant noodles in China, the profitability of the Group's instant noodle business improved significantly, which was mainly due to the Group's vigorous adjustments in three aspects to operations as follows:

1. Higher selling price and hence higher gross profit as the Group successfully passed some of the costs by raising the prices of bowl noodles and packet noodles during the year.

2. Selective input of cost of sales and economies of scale for better use of resources, and the increasing marginal benefits due to the drop in share of fixed costs.

3. Better product mix through vigorous development of container noodles, which are of higher gross profit, and high-priced products with high margin to enhance profitability. In 2011, sales of the Group's container noodles accounted for nearly fifty one per cent of that of the instant noodles and the proportion was far exceeding that of packet noodles and snack noodles with lower gross profit. Soup Expert（湯達人）, another product line with high gross profit, attained a 19.5% growth in 2011 and has secured a position in the high-end market.

In view of the growing demand for its instant noodles, the Group will set up a new production base in Changsha and replace part of its obsolete production lines with high-speed ones in 2012 to enhance production capacity. It also intends to improve production efficiency and productivity by rearranging the geographical distribution of its production bases and upgrading its production lines.

Beverage Business

Tea Drinks

The tea drinks market struggled with sluggish growth in 2011. According to ACNielsen, general sales of beverages went up by 10.9%, compared to 10.8% in 2010, and tea drinks (excluding milk tea) only increased by 0.2%, compared to the rapid growth of 16.7% in 2010, proving the tea drinks (excluding milk tea) market was experiencing a slowdown. The higher number of overcast and rainy days during the peak season for tea drinks in 2011 and the large promotion campaign "One More" since 2009 have resulted in a noticeable shift in consumer preference to bottled water and milk tea, as evidenced by their high growth rate. On the other hand, the monotonous and uninteresting promotion activities and the inability to meet changing consumer needs also caused the tea drinks market to weaken.

The unexceptional performance of the Group's tea drinks business in 2011 was in line with the industry and the market share stood at 19.6% based on ACNielsen's research. During the year, the Group launched a special edition of its key product, Uni Ice Tea（統一冰紅茶）, featuring the global smash hit Kung Fu Panda to stimulate sales among young consumers. Besides, the Group invited Mr. Sun Honglei, a TV and movie star, for his endorsement for Uni Green Tea（統一綠茶）to promote the brand philosophy "Uni Green Tea, Good & Natural!". In view of the overall slowdown of the sector, the operating performance of tea drinks business was middling despite the Group's efforts.

In 2012, the Group will carry on with its focused product strategy and continue to put resources in promoting Uni Ice Tea and Uni Green Tea mix, the two products of our tea drinks business. Initiatives include improving the formula and changing the packaging to appeal to target consumers and devoting extra marketing resources for further brand-building to attract new consumers. The Group will carry on using the slogan "Youth Unlimited" in its promotional campaign of Uni Ice Tea and will improve the taste and packaging to give a irresistible freshness of the product. Furthermore, to connect with young consumers, the Group will join China X-game, a first-rate and the most influential event of extreme sports in China, in organising the nationwide event "Skateboarding Unlimited" to highlight the brand images of "Show the true self, stay young, express individuality and leap without limits" through the skateboarding event. For Uni Green Tea, to echo with its brand image of naturalness, the Group will deliver new marketing campaigns themed "Experience Lake Kanas and feel the nature" in 2012. By using online media and advertisements as the marketing channels, such connection with major scenic spots in China will enhance the natural image of Uni Green Tea besides online media.

With regard to sales channels, the Group will seek to build an extensive network comprising retailers, refrigerators and heated containers, and it is expected that over 210,000 refrigerators will be places at more than 95.0% of points of sales in 2012 to reach end customers. In light of the severe climate changes, the Group also intends to place heated containers in order to benefit from the capture the great demand for hot drinks and winter, thereby boosting winter sales.

The Group is confident that with the strategic adjustment during the fourth quarter of 2011 and the first quarter of 2012 to focus on its key products and operational improvements, its tea drinks business can resume growth momentum in 2012.

Juice Drinks

In 2011, sales of the Group's juice drinks jumped by 20.1% from last year to a record high, topping RMB3,000 million for the first time. The remarkable performance was mainly driven by the successful launch of the new Crystal Sugar Pear Drink（冰糖雪梨）and the steadily growth of the More series.

According to ACNielson, drinks with low concentration of juice still dominate the Chinese juice drinks market, accounting for 77.0% of all juice drinks in 2011. Such product was also the development focus of the segment. In 2011, general sales of juice drinks grew by 11.2% compared to the corresponding period last year, while that of the Group's juice drinks was 8.9 percentage points higher than the market average, and the market share increased by 0.3%.

In 2011, prices of Brazilian orange juice, white sugar and polyester chips, being the major raw materials of juice drinks, continued to soar, exerting immense pressure to the gross profit margin of juice drinks. In order to ensure its sustainable and sound development and to consider the interests of consumers, the Group began to moderately adjust the prices of the More series since March 2011 and controlled operating costs through restraining production costs, product mix and channel structures enhancement, as well as strict control over marketing expenses.

During the year, building on the success of its key product, "More" Orange Juice, the Group reiterated the brand concept of "Boosting Your Beauty with Vitamin C" of the "More" juice series in 2011 to drive sales of "More" Mango Juice, a product with high gross margin. This latest addition will revitalise the "More" series and create a new brand image. The Group carried out an on-campus marketing program of "Search for More Juice Beauties" for the small size (450ml) of juices after the end of school summer break in ten cities including Beijing, Shanghai and Guangzhou, successfully approached hundred thousands of students and built brand awareness among young consumers. The large size came onto the market, with the promotional campaign named "Start the New Year Off with More Juices", before the peak period of Chinese New Year in order to seize the high consumption. In 2011, the "More" series has strengthened its foundation by enduring challenges after the price increase.

In 2011, the new Crystal Sugar Pear Drink received wide acceptance among consumers with its unique flavor and its sense of quenching and soothing. The performance was outstanding amid fierce competition in the juice drinks market. By advertising with Taobao since September 2011, the product has had an online exposure of over 2,700 million times and a hit rate of over 20 million. Since its launch in March 2011, Crystal Sugar Pear Drink has became the second best-selling juice drinks of the Group, steering the overall growth of the juice drinks business and proving the Group's success in product differentiation.

The Group will redefine the brand characteristics of the More series through "image evolution" based on the changing consumer demand with time. Focus of the operating strategies will shift back to small packages by adjusting the proportion of large packages to small packages, and the product mix will be enhanced to achieve higher gross profit margin. The Group will improve the packaging and flavor of its juice drinks in order to create a brand new and fashionable image that can appeal to consumers. Under the essential brand philosophy of "Boosting Your Beauty with Vitamin C", the Group will build an image of refinement, sincerity and intelligence and shift the marketing focus from encouraging rational purchases based on product features to emphasising the "charm and confidence" in acquiring the product. By inviting pop idols for endorsement, the Group seeks to establish connections with youngsters and draw consumers' attention with their fame. Such effective promotion, fresh image and new promotion channel will be excellent promotional tools to enhance brand reputation and connect consumers with the product. It is believed that the effective combination of these promotional elements will contribute to the long-term success of the brand and the sustainable sales of the product.

The latest "Seasonal Drinks" series is a product line which meets the need for rapid brand expansion and caters to the increasing demand for natural and healthy drinks. Clinging to the aim of offering a sense of soothing, the series feature quenching drinks with a mild and pleasant taste. The series will carry an endorsement in the coming year and will be marketed to a wide range of consumers in the media during the first half of 2012.

The Group will go on with its strategy of a lean product structure for the juice drinks business in 2012 by retaining only competitive products with satisfactory sales and eliminating those unprofitable products. Resources will be allocated to key products so that the product mix can be enhanced. With the commencement of operation of new production lines, the Group is expected to reap the benefits of expanding production capacity and reducing transport distance.

Milk Tea

In 2011, the Group's milk tea business recorded a 181.0% surge in revenue compared with 2010. According to ACNielsen, its market share reached 60.2%, thus demonstrating the Group's leading position and big advantage over other competing brands.

The rapid growth of Assam Milk Tea (阿薩姆奶茶) in 2011 has fueled the fast expansion of the overall milk tea market and made the milk tea the leading brand in most of the cities across China. Assam Milk Tea was developed by the Group in 2009 with the help of consumer polls and market offering analyses and has quickly won huge market acceptance across the nation for its excellent silky texture and perfect balance between milk and tea. The Group will continue to launch new and quality milk tea products according to the wants of the consumers in order to further enhance the strength of the Uni Milk Tea (統一奶茶) brand and establish its image as the expert of milk tea.

The major marketing goal of the milk tea business in 2011 was to quickly enhance the brand recognition of Uni Milk Tea. Firstly, the Group's milk tea business has appointed Ms. Charlene Choi, a Hong Kong artist, as spokesperson to arouse the interest and liking of target consumers with her positive public image. Secondly, the Group increased its investment in media resources. In terms of television, TV commercials of Uni Milk Tea were placed on CCTV and satellite and provincial TV stations in major markets. Coupled with the tens of thousands of local promotional activities, such advertising campaign has quickly enhanced the brand recognition and influence of Uni Milk Tea.

The milk tea market has grown rapidly in 2011. According to the statistics of ACNielsen, sales of milk tea grew by 140.0%, and the market presence of milk tea has been consolidating as its share in all ready-to-drink tea has jumped from 4.2% in 2010 to 9.5% in 2011. The milk tea market exhibited several unique characters. Firstly, there is a high rate of monopoly among brands, with sales of the two largest brands occupying 91.0% of the total market share. Assam Milk Tea, which was introduced by the Group in September 2009, recorded an outstanding performance with a surge in market share from 27.2% in 2010 to 52.7%, and has become the key engine of the growth of the milk tea market. Secondly, there is also a high conglomeration of markets with five provinces, namely Guangdong, Shanghai, Jiangsu, Sichuan and Hunan, taking 63.0% share in the milk tea market and witnessing a rapid growth of 110.0%. The Group will formulate the development focuses of its milk tea business based on the development trend of the operating environment.

In 2012, three major targets of the Group's milk tea business will be as follows:

1) Products: the milk tea business will continue to capitalise on the outstanding taste of Assam Milk Tea to explore the family drinks and festival package markets with its 1.5L Assam Milk Tea; and develop new products with high gross profit, such as Earl Grey Milk Tea（伯爵奶茶）, as the other limb of the milk tea business so as to enhance its image as a professional milk tea brand.

2) Marketing: the milk tea business will expand into second- and third-tier cities and rural areas in markets with a well-established advantage and leading position, such as Guangdong and Hunan; continue to strengthen its market coverage and improve display in regions with severe competition, such as Shanghai and Zhejiang; and establish footholds in key cities in disadvantaged markets such as northwestern, northern and northeastern China.

3) Branding: constantly capturing new consumers will continue to be the paramount mission for the marketing team of the milk tea business; a unified promotion strategy for Uni Milk Tea featuring a continual surge in investment in advertising through television, network, outdoor media, brand website and face-to-face promotional activities, will be set with the aim of raising the brand awareness and influence of Uni Milk Tea more quickly.

Coffee

According to ACNielsen, the Group's coffee business has grown significantly by 59.0% in 2011 as compared with the corresponding period in 2010 while its market share increased slightly to 19.5%. According to the statistics of ACNielsen (for Beijing, Shanghai, Guangzhou and Shenzhen only), the overall ready-to-drink coffee market maintained a rapid growth of 36.5% in terms of sales for 2011. Currently, this market has a number of unique characteristics. Firstly, PET bottles remains as the key packaging material with a surge in sales of 48.2% and a market share of 73.9% of all packaging materials in 2011. Secondly, milky flavors are more popular with a market share of 59.1% and a growth of 32.3%. Thirdly, Shanghai is the largest market with a share of 66.2%. Fourthly, there is a monopolistic trend in terms of brands with the top three brands taking a total share of 81.6%. The Group will develop and coordinate its products in view of the above characteristics.

Since its launch, revenue from 450ml A-Ha Coffee（雅哈冰咖啡）has been on the rise and achieved a year-on-year growth of 46.0% in 2011. Meanwhile, Aromatic Latte（醇香拿鐵）, an espresso type of coffee with a smaller size of 280ml launched at the end of 2010, has drawn an overwhelming market response for its supreme quality. Such two products are packaged with PET, a packaging material favoured by consumers, and have become the major drivers of the performance of A-Ha Coffee.

The launch of 280ml Aromatic Latte（醇香拿鐵）focused on the outstanding quality of the product. Ever since the stage of research and development, the targets have been to achieve a perfect match between its rich flavor and the flawless balance of coffee and milk. After the launch of the product, a large-scale tasting campaign was mounted in order to attract target consumers and raising the product's popularity. The introduction of hot drinks vending machines also helped seize the time of promotion in the cold season and created satisfactory performance. In 2012, the Group's coffee business will focus on establishing Aromatic Latte as the key product of the A-Ha Coffee by capitalizing on its popularity and the fashionable, young, fine-textured and endlessly innovative brand image.

The new brand philosophy of A-Ha Coffee in 2011 is "A-Ha and Relax（雅哈一下　輕鬆一下）". It aims at the affections of the target consumer group and differentiates itself from other competing coffee brands. It has developed into sophisticated brand advertisements and posters for promotional activities that interact with target consumers and nurture the consumers' brand preference. Advertisements were placed in the media in major markets such as Shanghai, Guangzhou and Shenzhen in 2011, and have significantly enhanced the brand's recognition and acceptance.

In 2012, the Group plans to achieve breakthrough in keys coffee markets, namely Shanghai and Guangdong, by precisely pooling its resources on selected media such as the Internet and IPTV platforms so as to enhance the recognition of and preference for its brands. The sophisticated promotional and tasting activities will also be fully utilized in order to deeply cultivate our brand philosophy and establish footholds amongst consumers in targeted regions.

Bottled Water

The Group adjusted the product portfolio of its bottled water business in 2011 to focus on the mid- to high-end natural and spring water so as to withdraw its low-priced mineral water. The Group is of the view that consumers will concern themselves with the quality of water as the Chinese economy is prospering and the consumption power and mind-set of consumers are constantly changing. The concept of natural and quality water supply will become more popular and the market demand for mid-to-high-priced bottled water will be on the rise.

Leveraging on the natural and quality water sources as well as the excellent brand image, Uni Spring Water（統一礦泉水）was introduced successively in southern, central and eastern China in 2010. With its dedications in 2011, the Group managed to achieve satisfactory results, and it aims to become one of the leading brands of high-end mineral water in China with its well-established brand and sales channels.

In 2012, the Group will focus on promoting its spring water, carrying on its search for quality water sources and setting up in-house production bases. It will gradually increase the proportion of products with high gross margin in its portfolio and establish sales channels for mid- and high-end products with the aim to providing natural and healthier products to the consumers.

Research and Development

The research and development team of the Group is dedicated to develop delicious and healthy products, establish industry leading technology and satisfy customers' growing needs. With an aim to ensure the sustainable development of the Group, the team is committed to develop products with high value for money; emphasises on fostering professionals; develops and builds up exclusive research and development technologies through its thorough understanding of the characteristics of raw materials; conducts trend studies on food and drinks with relevant institutions of tertiary education and world renowned suppliers; and develops and reserves products for the future.

In response to market changes and consumer needs, in addition to offering new products which are delicious and trust-worthy, the Group also put efforts on quality control of hot selling products through raw material source monitoring, on-going quality control and management, regular market and internal sample assessment mechanism. Moreover, the Group maintains regular communications with consumers, reviews the quality of existing products and grasps changing consumers needs. The Group also keeps optimising its products but not at cost of product stability.

Food Safety

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

During 2011, the Group further perfected the control mechanism of supply chain of raw materials with special focus on the food safety management of supply chain source and the food safety control of food products. The Group implemented the food safety qualification audit on suppliers, food safety site appraisal of suppliers and established an inspection system on raw materials and materials food safety projects to ensure the implementation of food quality safety control at the source of supply chain. To ensure food safety, all food products must pass inspections strictly according to regulations before putting on the market and, further, were subject to three strict annual controls on every food safety check. During the controls, the Group closely monitored various food safety incidents and conducted timely risk assessments, as well as carried out inspections on similar raw materials and finished products to ensure food safety. The Group actively participated in formulating related national standards; collecting and issuing food regulations and domestic and overseas information on food safety to boost awareness of food safety, coordinating and facilitating the thorough implementation of food regulations and safety standards with an aim to safeguard the interests of consumers.

Since 2005, the Group's food safety testing center has passed the annual expert evaluation organised by China National Accreditation Service for Conformity Assessment (CNAS Accreditation). Possessing equipments including GC (gas chromatography), GC/MSMS (gas chromatography/multi stage mass spectrometry), HPLC (high performance liquid chromatography), AFS (atomic fluorescence spectrometry), ICP (inductively coupled plasma atomic emission spectroscopy), ICS (ion chromatography system) and UPLC-MSMS (ultra performance liquid chromatography - multi stage mass spectrometry), the Group has commenced 179 assessments of which 124 have been recognized by the national laboratories. The assessed items included, in respect of food safety assessments, pesticide residues, veterinary drug residues, preservatives, artificial pigments, bromate and fluoride and, in respect of regular assessments, trace nutrient elements, amino acids, lipid stability and food composition analysis. To strengthen the monitoring ability of the Group's food safety, advanced assessment equipments such as LC/MSMS（超高效液相色譜－多級質譜聯用儀）and ICP-MS（電感耦合等離子體發射光譜－質譜聯用儀）were equipped to conduct its own assessments on food safety items of 450 residual pesticides, 14 veterinary drug residues, 17 plasticizers, 70 edible synthetic pigments, 60 antibiotics and 22 metal/heavy metal elements and 17 rare earth elements. Combining with the laboratories of the subsidiaries and external assessment units, the Group can meet the assessment requirements on the food safety items concerned, providing the Group companies with professional and recognised assessment services to ensure safety of the Group's food products.

By the end of 2011, 15 subsidiaries of the Group obtained the certification of ISO9001:2000 international standard management system and 12 drinks plants of its subsidiaries obtained the certification of Hazard Analysis Critical Control Point ("HACCP") system and of ISO22000:2005 food safety management system. Those certifications and awards require enterprises to keep improving their food safety and quality control systems and enhancing their capabilities in ensuring food safety. The certifications also showed that the Group offers not only delicious products, but also healthy and safe food products to consumers.

INTERNAL CONTROL

The internal audit unit of the Company, which was subordinated to the board of directors, formulates the internal audit plan of the Group based on the strategic objectives analysis, business flow analysis, risk assessment and performance evaluation and the self-inspection mechanism with comprehensive risk management functions under the authority of the Board and the guidance of the audit committee. The objectives of the internal audit plan are to achieve the four major goals of the Company – strategy, operation, reporting and compliance, by effectively minimising the exposures, enhancing internal control and improving operating efficiency of the Company.

As at 31 December 2011, the members of the audit unit of the Company continued to perform their audit duties based on the internal control mechanism for comprehensive risk management according to the annual audit plan approved by the Board. Such audit work comprised financial, operation, statutory compliance and risk management, the audit on all group levels and functions of the Company and all of its subsidiaries and the examination of the effectiveness for the human cost of the Company. Besides the audit and planning works based on various degrees of risk exposures, the audit unit also carried out computer-aided internal audits to ensure the quality of the audit and the completion of the audit as scheduled.

FINANCIAL POSITION

As at 31 December 2011, the Group had a total cash and cash equivalents of approximately RMB2,369.1 million (2010: approximately RMB2,427.4 million). Current assets amounted to approximately RMB4,617.0 million (2010: approximately RMB4,401.7 million), current liabilities were approximately RMB5,086.6 million (2010: approximately RMB2,903.9 million) and financial guarantee contracts were approximately RMB110.1 million (2010: approximately RMB199.0 million). Net current liabilities of the Group were approximately RMB469.6 million (2010: net current assets of approximately RMB1,497.8 million), mainly brought by the increase in capital expenditures for the construction of new production plants and enhancement of existing production lines. As at 31 December 2011, the Group had current and non-current bank borrowings of approximately RMB3,096.1 million (2010: approximately RMB165.6 million). The gearing ratios of the Group as at 31 December 2011 and 2010 were as follows:

	2011	2010
	RMB'000	*RMB'000*
Total borrowings	**3,096,132**	165,639
Less: cash and cash equivalents	**(2,369,050)**	(2,427,362)
Net debts/(cash)	**727,082**	(2,261,723)
Total equity	**6,810,895**	6,659,537
Total capital	**7,537,977**	4,397,814
Gearing ratio	**9.65%**	-51.43%

TREASURY POLICY

As uncertainties continue to overshadow the economy, the Group consistently manages its finance in a prudence and cautious manner. In the face of the rapidly changing competition environment, the Group has to actively expand its market and accelerate its business growth while carrying on its core operations. Through gradually enlarging its capital expenditure, the Group has grown steadily with optimized and expanded infrastructure and production facilities. During the year under review, as the products portfolio was optimized with successful results, the total revenue for the year has grown satisfactorily. Despite the fact that our performance for the year under review was hindered by the lowered gross profit margin due to the rising raw materials prices in domestic and international markets in 2010, the Group's overall financial position remains sound with a reasonable gearing ratio and net cash position. The Group's funds for business operation, market development and construction of production lines primarily come from the internal cash flow generated by its businesses and banks borrowings. The borrowings were utilized by its subsidiaries and were interest-bearing. In light of the potential currency risks, most of the Group's bank deposits were denominated in Renminbi.

HUMAN RESOURCES AND BENEFITS

As at 31 December 2011, the Group had 27,874 employees. Adhering to the principle of recruiting on the basis of intellectual ability, the Group develops a comprehensive system of human resources focusing on hiring, training and retaining talents by internal promotion and external recruitment as well as enhanced training of staff, with a view to gather a pool of people of high calibre for the Group's mid- to long-term growth.

In 2012, the Group will further enhance its human resources function and continue to maintain a pool of key talents. Together with a flexible motivation system which aims at retaining only the best brains, the Group will ensure the provision of training to core staff and the supply of talents for major positions. Given the surge in labor costs, the future core strategy of the Group regarding human resources is to improve the average productivity of our staff and bring their advantages into full play in order to cope with the requirements of the Group's rapid growth.

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 2011 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee 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 2011.

FINAL DIVIDEND

The board of directors of the Company recommends the payment of a final dividend of RMB2.6 cents per share for the financial year ended 31 December 2011.

The final dividend will be paid in Hong Kong Dollars based on the average exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China for five days prior to the date of the annual general meeting of the Company. The final dividend will be paid on or around Thursday, 7 June 2012 to shareholders whose names appear on the register of members of the Company on Friday, 25 May 2012.

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

Throughout the year ended 31 December 2011, 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 Tuesday, 15 May 2012 to Thursday, 17 May 2012 (both days inclusive) in order to determine the entitlement of shareholders to attend the annual general meeting, 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 14 May 2012.

The register of members of the Company will be closed from Wednesday, 23 May 2012 to Friday, 25 May 2012 (both days inclusive) in order to determine the entitlement of shareholders 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 Tuesday, 22 May 2012.

Subject to the approval of shareholders at the forthcoming annual general meeting to be held on Thursday, 17 May 2012, the final dividend will be paid on or around Thursday, 7 June 2012.

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 2010 or 2011 but is derived from those financial statements. The 2011 annual report of the Company will be published on the 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, 27 March 2012

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