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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 2022 INTERIM RESULTS

- Revenue amounted to RMB13,939.9 million, up by 7.2%
- Group gross margin of 30.1%, down by 4.7 percentage points
- EBITDA of RMB1,459.3 million, down by 20.1%
- Profit for the period, attributable to equity holders of the Company of RMB614.4 million, down by 27.5%

The board (the “Board”) of directors (the “Directors”) of Uni-President China Holdings Ltd. (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the “Group”, “we” or “us”) for the six months ended 30 June 2022 (the “Period under Review”). The condensed consolidated interim financial information is unaudited but has been reviewed by the audit committee of the Board (the “Audit Committee”) and PricewaterhouseCoopers, the independent auditor of the Company, in compliance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

ANALYSIS OF ECONOMIC ENVIRONMENT

In the first half of 2022, the gross domestic product (“GDP”) of the People’s Republic of China (the “PRC” or “China”) recorded a year-on-year increase of 2.5%, and total retail sales of consumer goods decreased by 0.7% year on year. While COVID-19 has brought uncertainties to China’s economy since 2020, the resurgence of the pandemic this year has impacted the national supply chain, logistics and transportation, and citizens’ travelling. Despite the persisting challenges of sourcing raw material, the Group focused on creating values, managing risks and enhancing flexibility in the uncertain environment. Amid the new normal of changing purchasing habit of consumers and the recurrent pandemic, the abilities to continuously innovate products and enhance operation with prudent and agile organization are essential for us to adapt to the dramatic changes in the environment and respond more effectively. The Group continues to focus on its operation by building a flexible supply chain and integrating online and offline channels to achieve channel diversification.

FINANCIAL RESULTS

Revenue and Gross Profit

During the Period under Review, the Group has recorded a revenue of RMB13,939.9 million (first half of 2021: RMB13,006.7 million), representing an increase of 7.2% as compared with the corresponding period last year, of which, the food business recorded a double-digit revenue growth. The gross profit of the Group decreased to RMB4,198.8 million during the Period under Review (first half of 2021: RMB4,532.7 million), representing a decrease of 7.4% as compared with the corresponding period last year, while the gross profit margin decreased by 4.7 percentage points to 30.1% from 34.8% for the corresponding period last year, mainly due to the increase in bulk raw material prices, rise in global oil prices and increase in transportation cost due to impacts of the pandemic.

Selling and Marketing Expenses

Selling and marketing expenses were RMB3,104.0 million during the Period under Review (first half of 2021: RMB3,132.6 million), representing a decrease of 0.9% as compared to the corresponding period last year, which was mainly due to increase in efficiency through combining offline and online promotion activities resulting in more and wider range of consumers being reached in a centralized way.

Administrative Expenses

During the Period under Review, administrative expenses were RMB493.0 million (first half of 2021: RMB508.9 million), representing a decrease of 3.1% as compared to the corresponding period last year, which was due to decrease in conference expenses and travelling expenses.

Operating Profit

As a result of the increase in bulk raw material prices, the operating profit was RMB731.3 million for the Period under Review (first half of 2021: RMB1,057.6 million), representing a decrease of 30.9% as compared to the corresponding period last year. During the Period under Review, profit attributable to equity holders of the Company was RMB614.4 million, representing a decrease of 27.5% as compared with RMB847.3 million of the corresponding period last year.

BUSINESS REVIEW

Food Business

As a livelihood enterprise, the Group fully cooperated with the government's pandemic prevention measures and actively assisted in the provision of supplies for the anti-pandemic front line and the livelihood of the public, fulfilling its corporate social responsibility through practical actions. In terms of channels, we established a value chain to serve consumers. Under the pandemic situation, such chain can directly reach the community and the consumers' table, which is instrumental in maintaining the stability of the business operation and ensuring the effectiveness of the supply to the consumers. The Group has always focused on its operation and upheld its principle of managing product quality and freshness to satisfy the diverse needs of consumers through continuous optimization and empowerment of products, and improving consumer satisfaction. The Group recorded a revenue of RMB5,368.8 million in the first half of 2022 from the food business (first half of 2021: RMB4,710.6 million), representing an increase of 14.0% as compared with that of the corresponding period last year.

Instant Noodles Business

In the first half of 2022, work-from-home became a norm in certain regions of China. New marketing models such as community group purchases, social group purchases and group leader models also strengthened the penetration rate and consumption frequency of fast-moving consumer goods such as instant noodles. The process of transformation of the sales representatives into group leaders and continuous optimization had made the entire group purchase process more systematic, and also shown the entrepreneurial mindset of the team. The market continued to show a trend of grading with personalized and diversified consumption and a clear classification of consumer groups. Guided by the value marketing strategy, the Group's instant noodles business remained committed to the popular plan by greatly enhancing product strength and optimizing consumer experience to convey the brand concept of "make good noodles with our heart (用心做好麵)" to consumers. In the first half of 2022, the Group recorded a revenue of RMB5,141.9 million from the instant noodles business, representing an increase of 16.9% as compared with that of the corresponding period last year.

"Soup Daren (湯達人)" maintained a double-digit revenue growth in the first half of 2022. It has also maintained a double-digit compound growth rate of revenue for the last five years, and continued to receive high recognition from the market and consumers. In terms of products, "Big Cup (大大杯)" series was launched to cater for the needs of consumers who are with large appetites, and to extend product consumption scenarios. In terms of communication, "Soup Daren (湯達人)" is committed to developing into a nationally-recognised brand. In 2022, we joined hands with the Chinese National Women's Football Team to become the official partner of the Chinese National Women's Football Team, enhancing brand image and consumer loyalty. In the 15 years since its launch, "Soup Daren (湯達人)" has stayed true to its initial inspiration, insisted on improving products and promoting the brand concept of "Soup Makes Good Noodles (好麵湯決定)", which has accumulated a solid brand reputation among consumers, maintaining the brand's top position in the nourishing soup noodles market.

To continue the factory tour of pickled cabbage packet that started in 2013, “Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)” invited nearly 1,000 consumers, media and customers to visit the factory this year with the theme of “Dare to Promise 100% Fermentation by Lao Tan (敢承諾100%經老壇發酵)” to witness Uni-President Lao Tan’s commitment to quality and food safety of pickled cabbage. Authoritative media also visited the factory of Uni-President Lao Tan pickled cabbage packet to identify the real Lao Tan pickled cabbage. With the themes of “Unveil the Secret of Uni-President Lao Tan pickled cabbage (揭秘統一老壇酸菜的秘密)” and “What’s the Real Lao Tan Pickled Cabbage (什麼是真正的老壇酸菜)”, a 360° all-round display of the whole production process of Uni-President Lao Tan pickled cabbage demonstrated the fully traceable safety system of “one pool, one certificate; one pickling jar, one number; one packet, one code (一池一證、一壇一號、一包一碼)” for Uni-President Lao Tan pickled cabbage. We answered public queries through convincing materials and images, and conveyed the Group’s food safety concept and sense of social responsibility as a food company to the public through forums and interviews, etc. The Group has also joined hands with several Lao Tan pickled cabbage manufacturers in the industry to apply to the Chinese Institute of Food Science and Technology for project approval to formulate the group standard of “Technical Specifications for Production Quality Safety Control and Management of Lao Tan Pickled Cabbage”. The standard has been approved and announced; the Group believes that the formulation of the group standard will play a leading role in the healthy development of the industry.

“Uni-President The King of Tomato (統一茄皇)” focused on key markets and accelerated brand building in the first half of 2022. In the second quarter of 2022, we focused on key cities through HD livestreaming, expanding the original customer group and quickly promoting the brand recognition of “One Xinjiang Tomato in One King of Tomato (一顆新疆番茄，一碗陽光茄皇)”. The mini program “The King of Tomato’s Home (茄皇的家)”, an online tomato plantation game, was launched to give back to the brand fans, vitalize the IP image, convey the brand concept, and use digital tools to create private domain traffic. Based on consumers’ public awareness of the raw material “Xinjiang Tomato (新疆番茄)” and their high recognition of the product taste, the revenue of The King of Tomato in the first half of the year increased by multiple times as compared with the same period last year.

“Teng Jiao (藤嬌)” continued product enhancement to strengthen the fresh and spicy flavour characteristics. The packaging is characterized by a hip-hop style that features the thrill of electric shock through the rhythm and jumping of hip-hop sought after by young people, making it easier for Generation Z to perceive and accept the brand’s appeal of “the feeling of electric shock (觸電的感覺)”.

With “Craving Meat? Imperial Big Meal’s For You (想吃肉，滿漢大餐)” as the core appeal, “Imperial Big Meal (滿漢大餐)” well-creates its product to provide consumers with “high-end private kitchen (高端私廚)” experience while bringing a sense of culture and ritual. In terms of communication, we utilized the omnimedia matrix including Weibo, TikTok, Bilibili to promote the product awareness and accumulate brand assets, with a view to building the Chinese fashionable brand style of “Imperial Big Meal (滿漢大餐)”.

Other products

“Kai Xiao Zao (開小灶)” aims to promote Chinese cuisines with the vision of becoming the social kitchen for Chinese people. As for products, it developed a new track devoted to the breakfast scenario product “Wonton Series (餛飩系列)”, which satisfies consumers’ need for three meals a day together with the rice series for the Chinese cuisine scenario and the hot pot series for dinner scenario. “Wonton Series (餛飩系列)” was well received among consumers since launch with a 99% of good reviews rate among products in the Tmall flagship store, becoming a new growth engine of the brand. In terms of communication, with “Kai Xiao Zao, Special Treat (好好吃飯開小灶)” as the core appeal, it continued to expand consumer groups and convert users while carrying on the brand assets. During the Tmall 618 consumer festival, “Kai Xiao Zao (開小灶)” had topped the pre-sale list, stockpiling list and other lists for three consecutive years, demonstrating its large number of loyal customers in the self-heat field attracted by its outstanding product quality. The compound revenue growth rate of “Kai Xiao Zao (開小灶)” has maintained doubling growth in the past three years.

Looking forward to the second half of the year, there are opportunities as well as challenges, and it is the aim of brand development to grasp consumers’ preferences and demands, express ideas and pass on empathy through the brand, enabling customers to experience resonance in both emotions and sensations and create strong emotional bonds. The main theme of the innovative development of food business is still about health, safety and deliciousness. Product innovation in the new era requires innovation in two aspects, being innovative in taste, package and food ingredients, as well as in scenarios, skills and experiences. Relying on the R&D strength, the Group’s food business continues to make efforts on diversity by further expanding the innovation route to promote the profound Chinese cuisine culture as well as to absorb foreign cuisine culture, integrating the national tastes into healthy food ingredients, and providing a constant thrust for the food business.

Beverage Business

The Group’s beverage business recorded a revenue of RMB8,247.7 million for the first half of 2022 (first half of 2021: RMB7,860.1 million), representing an increase of 4.9% as compared with that of the corresponding period last year. The Group adhered to brand building for creating brand value, continued to communicate and interact with young consumers through new promotion channels to accumulate brand assets, and committed to key markets while actively exploring more channels, fulfilling the diversified needs of consumers with multiple channels and multiple scenarios. The performance of various major beverage businesses during the first half of 2022 is set forth as follows:

Tea Drinks

In the first half of 2022, the revenue of tea drinks amounted to RMB3,650.9 million, representing a year-on-year increase of 4.9%. With the resurgence of the COVID-19 pandemic in 2022 and routine pandemic prevention measures, the consumption and living habits have been changing, which have brought new marketing opportunities such as community group purchases, society group purchases and group leader models, etc. In response to the new consumption trends, the Group actively diversified the product specification and enhanced input on new e-commerce channels such as social e-commerce, community group purchases, B2C, private domain traffic operations and O2O, in order to satisfy the experience and drinking needs of consumers in different scenarios.

“Uni Green Tea (統一綠茶)” continued to build a brand recognised by young people across the nation. In the first half of 2022, in association with “May Fourth Youth Day (五四青年節)”, we collaborated with people from different fields such as China women’s national basketball players, people of Touching China/SF Express couriers and new-generation talk show youth to demonstrate the fighting spirit of the era and create the strength of new youth models while carrying out the “Go For It, Young People! (為新青年加油)” activity. With the widespread popularity of short videos, we carried out the “Energy Pack for the New Youth (新青年加油包)” activity on top platforms such as TikTok and Watermelon Video to encourage the new youth and increase brand preference and recognition. “Uni Green Tea (統一綠茶)” will carry out the communication program themed “Starting the Engine for Health (為健康燃擎)” in the second half of the year, cooperate with national brands, create User Generated Content (UGC) topics, initiate touching charity events, comprehensively and deeply reaching out to youngsters in China, passing on the brand’s lifestyle of green and healthy and positive energy, as well as deepening the brand’s social responsibility. The compound revenue growth rate of “Uni Green Tea (統一綠茶)” has maintained one-digit growth in the past five years.

“Uni Ice Tea (統一冰紅茶)” established its brand among the new-generation group, exhibited insights on group preferences and achieved brand rejuvenation by virtue of popular “ACG (二次元)” contents. In the first half of 2022, we collaborated with a S+ Chinese Comic through Tencent Comics Channel, a Generation Z traffic platform, with the theme of “Iced through Different Dimensions (冰爽破次元)”, accurately reaching out to the young group aged 14-22 years old, carrying out diversified interactions and strengthening the “ACG (二次元)” properties of the brand, while continuously attracting new-generation consumers. In the second half of the year, we will sponsor a popular “ACG (二次元)” variety show on Bilibili, leveraging on the popularity and exposure of the show to connect with Generation Z deeply and spread the confident and youthful attitude of the brand.

“Uni Plum Green Tea (統一青梅綠茶)” has become the growth engine of the tea business with its outstanding product strength. In the first half of 2022, leveraging on the concept of the famous painting from the Northern Song Dynasty, we carried out the “Seeking for Plum in the Panorama of Rivers and Mountains (千里江山尋梅記)” brand activity, which traced back to the plum village in China, while setting out the challenge contest of the Chinese style plum picking dance to further interact with consumers, attracting broad attention. In the second half of the year, we will focus on Generation Z and carry out the “Traditional Chinese Graduation (國風畢業季)” brand activity, combined with advertisements in Chinese style shows to increase its brand awareness and establish the brand characteristic and Chinese style of “Plum Green Tea with Chinese Taste (梅香茶爽•中國味)”. The revenue of “Uni Plum Green Tea (統一青梅綠茶)” in the first half of 2022 nearly doubled over the same period last year.

The brand of “Classmate Xiaoming (小茗同學)” demonstrated a stable recovery. With the differentiated brand character of “Love for Mixed Tea (愛混茶)”, it caters for the aesthetic value of Generation Z students with personalized mixed features and perfectly fits the preferences of the “Classmate (同學)” group, presenting the brand image and occupying the segmented market with a close focus on the collective identity of “Classmate (同學)”. Meanwhile, on top of traditional video communication, we collaborated with internet celebrities to co-create brand videos and tell the brand story, realizing category branding more quickly, and thus achieving the category recognition of “Classmate Xiaoming (小茗同學)”.

“Chai Li Won (茶裏王)” continued to optimize product strength, trace the source of tea species and processes, and cooperate with tea gardens in northern Fujian to invite consumers to participate in the “Adopt a Tea Plant (認養一株茶)” activity, where they can experience the process of tea planting, picking, and tea making at the tea leaf base either online or offline, and witness the effort in making good tea and the process of achieving a ready-brewed taste by “Chai Li Won (茶裏王)”. Meanwhile, we cooperated with Wuyishan Dahongpao intangible cultural inheritor and Impression Dahongpao cultural IP to jointly develop the limited-edition product “Qinggan Dahongpao (青柑大紅袍)”. Through online live streaming, we trace the origin of tea fields, talk and explain tea culture and tea knowledge to young people, and establish a professional brand.

Juice

In the first half of 2022, revenue from the juice business of the Group amounted to RMB1,401.1 million, representing a year-on-year increase of 25.7%. Adhering to the concept of providing healthy juice to consumers, the juice business continued to optimize the benefits of low concentration juice and keep up to enrich the flavours of high concentration juices. We evaluated the opportunities in different channels and created suitable products based on different product positioning, so as to seize such opportunities, including deepening the operation of the food and beverage channel, accelerating the expansion of home scenario, actively participating in the gift box market, cultivating juice flavours with multiple specifications and scenarios to meet consumers’ demand for healthy juice at any place and any time.

With the core value of “More Vitamin C, More Fiber, More Beauty (多纖多C多漂亮)”, “Uni Orangeate (統一鮮橙多)” continued to reinforce the claim of being rich in dietary fiber by highlighting the visual image of “fiber (纖)” on the product packaging, combined with diversified media advertising to draw consumers’ attention to orange juice with more “fiber (纖)”. In terms of channels, we continued to further develop the food and beverage channel, with significant resources allocated to assist in increasing the brand’s penetration in catering sales channels, consolidating the image of “Uni Orangeate (統一鮮橙多)” as the “go-to beverage”. Meanwhile, we seized the opportunity of family consumption to strongly promote the sales of family-sized and whole box products to thousands of households with the concept of “Vitamin C-rich household products (富含VC居家常備)”. “Uni Orangeate (統一鮮橙多)” recorded a double-digit growth in revenue in the first half of 2022 as compared with that of the corresponding period last year.

With the key appeal of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出位)”, “Uni Guo Yang Kumquat Lemon Beverage (統一果漾金桔檸檬)” continued to create the brand label of “Outstanding with Sweet and Sourness (酸甜出位)”. In 2022, the brand name “Guo Yang (果漾)” was included on the bottle, and at the same time, it was co-branded with the popular IP “Heaven Official’s Blessing (天官賜福)” comics, conveying the brand identity of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出位)”. Offline channels focused on the chain convenience store system (CVS) and the potential sales points of schools in key cities, with an aim on frozen sales, continuous layout of sales points to capture sales opportunities in various scenarios. We launched a sensational promotion campaign targeting young consumers, bringing them a sweet and sour, moistening and refreshing brand experience, creating a brand image of “Becoming More Outstanding with “Guo Yang (果漾)” Sweet and Sourness (酸酸甜甜更出位)”. “Uni Guo Yang Kumquat Lemon Beverage (統一果漾金桔檸檬)” achieved a multi-fold increase in revenue in the first half of 2022 as compared with that of the corresponding period last year.

“Haizhiyan (海之言)” insisted on permeating the sweating scenario and continued to expand point-of-sale (POS) and strengthen its association with “the sea (大海)” to accentuate the benefit that “Mediterranean Sea salt with refreshing juice can promptly supplement the water and salt loss from the body (地中海海鹽加清爽果汁，及時補充身體流失的水分、鹽分)”, capture the incremental opportunities of sweating scenario at home, and to communicate the key appeal of “Drink Haizhiyan after sweating (流汗喝海之言)” to consumers.

With the key appeal of “Moisten and Soothe Your Heart (一口潤心扉)”, “Uni Crystal Sugar Pear Drink (統一冰糖雪梨)” continued to promote its core value of “Moist (潤)” among young consumers in 2022, resulting in increased young consumers. We focused on key cities and continued to increase investment to give consumers the best ice-cold experience with full efforts in creating chill. We seized the opportunity of family scenario consumption, and continued to promote community group purchases and product launch on O2O platforms.

Centering on its core value of “Vitality is awakened by the freshness and sweetness of fully-ripened fruits (完熟清甜，元氣覺醒)”, “Vitality Awakening (元氣覺醒)” selected quality and fully-ripened fruit from premium production regions around the globe, and completely replicated the freshness and sweetness of fully-ripened fruits. We promoted positive energy and conveyed the brand identity of “Full of vitality and awakening new power (元氣滿滿、覺醒新力量)”. We continued to focus on cultivating 100% juice market in key cities by strategically developing the convenience store system (CVS) and e-commerce platforms. At the same time, we rode the trend to expand family scenario and online platforms such as O2O and grocery shopping and actively created new growth drivers for the juice business in response to the demand for consumer upgrading.

As a fermented juice carbonated drink, “A-Ha” used the core benefits of “containing real juice, apple cider vinegar, and enzymes (含真實果汁、蘋果醋、酵素)” to continuously communicate with consumers, strengthened the differentiated appeal of “aiding digestion (助消化)” while focusing on catering channel sales and building drinking scenario.

“Uni Tomato Juice (統一蕃茄汁)” makes use of the product benefit of lycopene to continuously create scenarios for a high-quality life characterized by “Double Vitality & Health (活力&健康翻倍)”. Through the extensive development of contactless e-commerce platforms and multiple scenarios to attract purchases, we continued to cultivate target consumers’ knowledge of lycopene and their drinking habit.

During the second half of 2022, the Group’s juice business will be well-positioned to ride the trend. We will adhere to the benefits of healthy juice products as the focus, continue to invest more resources in the restaurant scenario, family scenario and gift box scenario to form a spillover effect with the ready-to-drink scenario, thus expanding the market share of the Group’s juice business rapidly.

Milk Tea

The revenue of the milk tea business in the first half of 2022 amounted to RMB2,970.2 million, the compound revenue growth rate of which has maintained a double-digit growth in the past five years. Due to the changes of external market conditions, the milk tea business adhered to the operating strategy of being “stable, fresh, and quick (穩、鮮、快)”, continued to improve the portfolio of our milk tea brands, and established a brand management system, fortifying the moat around our milk tea products.

As the leading brand of the category, “Uni Assam Milk Tea (統一阿薩姆奶茶)” insisted that quality is the core competitiveness, and strived to provide better product experience to consumers by continuously refining the freshness management with strict control of raw materials, manufacturing process and product quality. In the first half of 2022, we continued to expand new drinking scenarios, further satisfied dining and at-home consumption with big-packed and exquisite products, identifying new growth drivers. In terms of communication, we adopted ways of communication favoured by young people, centering on the brand’s core value of “Smooth and Good Mood (順滑好心情)”. During the Spring Festival, we focused on the consumption scenario of reunion and sharing, concentrated on festival user market education through the promotion themed “Drink Something New for a better New Year (過順年，喝點新花樣)”, continuously passing on the “Good Mood (好心情)” brand element. In combination with the national APP “MoWeather (墨跡天氣)” and with the solar terms as the theme, we carried out frequent interactions with target audience centered around the brand appeal of “Good Mood (好心情)”, enhancing the connection between “Good Mood (好心情)” and “Uni Assam Milk Tea (統一阿薩姆奶茶)”, continuously promoting the consumer association with the brand. In the second half of 2022, we will focus on topic events and product marketing, go along with the market trend, maintain an active relationship between the brand and consumers, serving consumers in multiple channels and multiple scenarios. The compound revenue growth rate of “Uni Assam Milk Tea (統一阿薩姆奶茶)” has maintained a double-digit growth in the past five years.

The “Pure and Noble Milk Tea (布諾乳茶)” brand is committed to establishing high-quality milk tea of “Rich and Pure Taste You’ll never Get Tired of (一口純香，好喝不膩)”. Characterised by containing 50% of milk and selected Ceylon black tea, “Pure and Noble Milk Tea (布諾乳茶)” is a differentiated product highlighted by its rich and mellow milk texture. We made steady progress focusing on the core pipelines of the first and second tier cities, and rapidly established word-of-mouth communication. In March 2022, a romantic limited package with a blossom theme was launched, with the communication theme of “A Sip of Pureness and Fragrance in the Flower Season (一口純香，花期如至)”, which targeted white-collar workers and university students, promoting the product through multiple scenarios and multiple communities on platforms such as TikTok, Weibo and WeChat.

Coffee

In the first half of 2022, our coffee business focused on building brand culture. A-Ha Coffee (雅哈咖啡) adopts “A-Ha! Getting Started with Vitality! (雅哈一下，活力出發)” as its new brand positioning and is committed to providing a source of vitality for young urbanites such as blue-collar workers and new white-collar workers, helping them to face new beginnings with full energy. At the management level, we continued to focus on “A-Ha Iced Coffee (雅哈冰咖啡)”, creating target places of business, promoting the steady expansion of our market share.

In the second half of 2022, our coffee business will continue to focus on “A-Ha Iced Coffee (雅哈冰咖啡)”. On the communication front, we will target at a total exposure of over 100 million through integrated marketing campaign based on TVC and outdoor media in key cities to rapidly increase brand awareness; on the channel front, we will continue to expand our presence and tap into key cities to increase brand penetration and enlarge our growth boundaries.

Bottled Water

With health and safety becoming a consumer consensus, the Group continued to focus on the operation of “ALKAQUA (愛誇)”, a mid-to-high priced natural mineral water brand, to provide consumers with a healthy and safe choice of drinking water. We communicated with consumers through our brand proposition of “ALKAQUA, simple appearance with unusual properties (愛誇礦泉，從不簡單)”. We source our water from the deep underground water of the Changbai Mountain, adopt an EU-certified membrane separation technology, and use ingredients with two times the national standard of the contents of “H₂SiO₃ (偏硅酸)”, empathizing with consumers with “Simple but Unusual (所有的看似簡單因為從不簡單)”. Due to changes in consumption pattern towards large and family packaged purchases as well as economic consumption, and in response to the adjustment of product layout, 1.5L products and 360ml 8-pack products are available in e-commerce, O2O platforms, community supermarkets and other channels to satisfy diverse consumer needs under different scenarios. We conveyed our positive brand proposition to consumers, promote healthy and safe drinking water through self-media platforms such as Mini Programs, Weibo, WeChat and Xiaohongshu, and inspired consumers with the theme “Everything Good Comes Naturally (所有美好，自湧而來)” to boost our brand preference and awareness.

In the second half of 2022, we will consolidate our core markets by focusing on the expansion of points-of-sale (POS), strengthening sales at high-performing POS, and the addition of temperature-controlled cabinets on modernised channels etc. We will join hands with “the trump card radio program of Shanghai” (上海王牌電臺) in delivering brand value and collaborate with popular dramas of the year to increase brand awareness. In view of consumers’ post-pandemic need for going outdoor, we will hold offline interactive activities incorporating the current camping trend to enhance core consumers’ brand stickiness, bringing out our “Unusual (不簡單)” core value and to accumulate brand assets.

E-Commerce

There are 1 billion Internet users in the PRC, and the e-commerce sales in 2021 reached RMB10 trillion, representing 25% of all retail sales in the PRC. This trend will be driven by improved consumer satisfaction and a desire for convenience and efficiency. The Group will establish effective marketing strategies based on consumer behavior patterns, including purchase frequency and consumer decision-making chains, etc.

“That Street That Lane (那街那巷)” is committed to recreating authentic street food to consumers with “street food never vanish (不會消逝的街巷美食)”. The signature product “Lanzhou Beef Noodles (蘭州牛肉麵)” witnessed a double-digit growth in revenue of in the first half of 2022 as compared with the corresponding period of last year. The brand continued to explore the field of innovation and launched “Leshan Spicy Potted Chicken (樂山紅油鉢鉢雞)” in March 2022 to tap into the braised dishes business segment, which received positive feedback from consumers and became the only food product in the “Top 100 Trending New Products of Tmall’s Hey Box (天貓小黑盒趨勢新品TOP100)”.

FINANCIAL ANALYSIS

Cash and Borrowings

As at 30 June 2022, the Group had total cash at bank and on hand balances of RMB7,092.0 million (31 December 2021: RMB6,078.3 million), among which 99.96% were denominated in Renminbi and 0.02% were denominated in United States dollars. As at 30 June 2022, current assets of the Group amounted to RMB7,847.3 million (31 December 2021: RMB7,363.6 million) with current liabilities of RMB9,119.3 million (31 December 2021: RMB7,682.9 million) and net current liabilities were RMB1,272.0 million (31 December 2021: RMB319.3 million). During the Period under Review, the Group mainly financed its working capital and capital expenditure by internally generated cash flows and short-term bank borrowings. As at 30 June 2022, the Group's total borrowings (including lease liabilities) were RMB2,848.3 million (31 December 2021: RMB149.7 million). 100% of the Group's total borrowings (including lease liabilities) were denominated in Renminbi. As at 30 June 2022, all of the Group's borrowings bore floating interest rates. As at 30 June 2022, the Group did not have any secured bank borrowings (31 December 2021: Nil).

Financing

The Group aims to maintain an appropriate capital structure. The gearing ratios of the Group as at 30 June 2022 and 31 December 2021 were as follows:

	30 June 2022	31 December 2021
	RMB'000	RMB'000
Total borrowings (including lease liabilities)	2,848,293	149,719
Less: cash at bank and on hand (<i>Note 1</i>)	(7,092,031)	(6,078,271)
Net cash	(4,243,738)	(5,928,552)
Total equity	12,572,301	13,765,301
Gearing ratio (<i>Note 2</i>)	(33.75%)	(43.07%)

Note 1: As at 30 June 2022, the Group's purchase of financial products issued by big 4 domestic banks* and other commercial banks was not included under cash at bank and on hand. As at 30 June 2022, the Group had financial assets at fair value through profit or loss of RMB1,530.6 million (31 December 2021: RMB1,715.4 million).

Note 2: The gearing ratio is computed as the net cash divided by total equity.

The Group reviews its gearing ratio on a regular basis. According to the capital plan for the future, the Group tries to strike a balance between shareholder's return and capital safety, and adjusts our capital structure according to the changes in the operating environment.

* Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

Cash Flow and Capital Expenditure

For the Period under Review, the Group recorded a net decrease in cash and cash equivalents of RMB233.9 million as compared to the corresponding period last year, mainly comprising net cash inflow from operating activities of RMB180.4 million, net cash outflow from investing activities of RMB1,219.6 million, and net cash inflow from financing activities was RMB805.2 million. During the Period under Review, the Group had capital expenditure of RMB301.9 million (first half of 2021: RMB198.9 million).

Analysis of Operating Efficiency

The Group stringently controls and manages the levels of trade and bills receivables, trade payables and inventories. Sales to most customers are made on a delivery on payment basis. Trade and bills receivables are generated from credit sales to credit customers from modern channels with credit terms normally ranging from 60 to 90 days. During the Period under Review, attributable to the increase in revenue from sales through e-commerce channels and modern channels as compared to sales off-season, and the increase in revenue, trade and bills receivables increased by RMB120.6 million to RMB769.1 million (31 December 2021: RMB648.5 million). The Group's inventories mainly comprised raw materials, packaging materials, low-value consumables and finished goods. To maintain a reasonable level of inventory, big data calculation and forecast was applied on raw materials planning and real-time inventory analysis and management was also carried out. During the Period under Review, the Group conducted continuous product channel inventory freshness management and sales, the inventory turnover days was decreased by 6 days as compared to that as at 31 December 2021. As at 30 June 2022, the inventories balance decreased by RMB500.7 million to RMB1,891.8 million (31 December 2021: RMB2,392.5 million) as compared to the beginning of the year. The Group's trade payables mainly arise from credit purchases of raw materials and finished goods. During the Period under Review, trade payables increased by RMB163.8 million to RMB2,281.8 million (31 December 2021: RMB2,118.0 million).

	30 June 2022	31 December 2021
Trade and bills receivables turnover days	9	9
Inventories turnover days	40	46
Trade payables turnover days	41	42

Trade and bills receivables turnover days were calculated based on the average of trade and bills receivables balances as at the beginning and the end of the year divided by revenue multiplied by the number of days in the year/relevant period.

Inventory turnover days were calculated based on the average of inventory balances as at the beginning and the end of the year divided by cost of sales multiplied by the number of days in the year/relevant period.

Trade payables turnover days were calculated based on the average of trade payable balances as at the beginning and the end of the year divided by cost of sales multiplied by the number of days in the year/relevant period.

The Group reckons that trade and bills receivables turnover days, inventory turnover days, and trade payable turnover days in the distribution channel help the Group in understanding the efficiency of inventory liquidity and the sales and cash conversion cycle. Through reviewing and improving the turnover days, the Group could improve its revenue, profit and the ability of on-going growth for the purpose of enhancing operational efficiency.

Financial Management

The Group adheres to the principle of financial prudence. It seeks to control risk variables and moves forward prudently by moderately adjusting its selling and marketing expenses according to market conditions, and making appropriate capital expenditures to optimise and expand the infrastructure and marketing assets for sales channels. 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 and internal control 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 minimising the Group's financial risk exposure.

The Group's finance department provides centralised 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 Period under Review, the Group has maintained an automated reconciliation system, which significantly improved capital efficiency and accounting treatment effectiveness.

Treasury Policy

It is the Group's treasury management policy not to engage in any highly risky investment or speculative derivative product and not to invest the working capital in financial products with significant underlying leverage or risks, including hedge funds or similar financial products. The Group continued to adopt a conservative approach in financial risk management with no significant bank borrowing during the Period under Review. Most of the Group's receipts and payments were denominated in Renminbi since a majority of its revenue was derived from operations in the PRC. The Group may use foreign exchange forward contracts, when appropriate, for risk aversion when it is exposed to foreign exchange risk arising from assets or liabilities, such as cash and cash equivalents and borrowings, which may be denominated in other currencies.

SIGNIFICANT INVESTMENT

As at 30 June 2022, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2022.

CHARGES ON GROUP ASSETS

The Group did not have any charges on group assets as at 30 June 2022.

MATERIAL ACQUISITION AND DISPOSAL

For the Period under Review, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors confirmed that as at the date of this announcement, there was no plan to acquire any material investment or capital assets other than in the Group's ordinary business of manufacturing and sale of beverages and instant noodles.

FUTURE PROSPECTS

Innovation is necessary for the Group's continuous growth. Despite the uncertainty of the general environment, the Group holds a strong belief in research and development, and at the same time supports the upgrade of traditional infrastructure by building new infrastructure, including the intensive use of the Internet and big data for different sectors of economic development. Based on the needs of consumption scenarios, we will precisely launch the right products through the right channels, and we will monitor the pandemic in a timely manner to realize national deployment and empower the front line, utilizing our organizational skills from the inside out to accumulate strength and make steady progress. Meanwhile, as a livelihood enterprise, the Group will pay more attention to consumer's emotional healing, shoulder on corporate social responsibilities, and deliver more positive energy to overcome difficult times with our consumers. We will explore potential opportunities in challenges and crises and continue to provide consumers with safe, delicious, healthy, and high-quality products. We endeavor to create a long-term competitive barrier of brands through building brand power and carry out operations through product innovation driven by consumer demand insight and centering on consumer scenarios and contacts.

HUMAN RESOURCES POLICY

As at 30 June 2022, the total number of employees of the Group was 33,593. The Group adheres to the policies of focused and streamlined operation, and organisational structure and staff structure were improved on a continuous basis to enhance operational efficiency. In terms of recruitment, the Group continued to recruit professional talents and build a stable and robust team through mechanisms including comprehensive training and humane care to achieve results more efficiently. In addition, Internal training, regular position transfer, external exchange and part-time study and other measures enhanced our overall performance and provided talents for key positions of the Group steadily. Meanwhile, priorities were given to internal promotion over external recruitment, and performance appraisal and other measures were implemented to keep the current management team ambitious and strong.

The Group's remuneration policy rewards our employees and directors with reference to their performance, qualifications, demonstrated capabilities, market comparable information and the performance of the Group. As for the Group's remuneration policy, the Group entered into individual employment contracts with each of its employees, which covered wages, social security benefits, workplace safety and hygiene environment, confidentiality obligations on trade secrets and termination conditions. Besides, the Group had performance bonuses and incentive schemes in place to commend and encourage employees at all levels to make outstanding contributions to the Group's business. Performance bonuses were distributed on the basis of the realised earnings and profits objectives of individual business units and the Group as a whole, as well as the performance appraisal.

The total employee benefits expenses (including Directors' emoluments) amounted to RMB2,090.8 million during the Period under Review. The Group does not have any share option scheme for its employees.

PRODUCTIVITY STRATEGIES

The Group did not solely rely on its own production resources. It outsourced its production to other professional beverages manufacturers (including external independent third parties and related party companies). A strategic alliance was formed under long-term cooperation with the external manufacturers, enabling the Group to outsource production to adjust production capacity in addition to the basic production capacity, providing the Group with production flexibility. Thus, the Group was able to fully utilise its resources on core operation and optimise its efficiency.

SUBSEQUENT EVENT AFTER THE PERIOD UNDER REVIEW

There is no subsequent event after the Period under Review which has material impact to the condensed consolidated interim financial information of the Group.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2022

(All amounts in thousands of Renminbi unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2022	2021
Revenue	5	13,939,901	13,006,730
Cost of sales		<u>(9,741,069)</u>	<u>(8,473,989)</u>
Gross profit		4,198,832	4,532,741
Other gains — net		25,123	50,046
Other income		174,060	211,125
Other expenses		(69,682)	(94,824)
Selling and marketing expenses		(3,104,049)	(3,132,600)
Administrative expenses		<u>(492,987)</u>	<u>(508,925)</u>
Operating profit	6	731,297	1,057,563
Finance income		131,057	117,566
Finance costs		<u>(25,583)</u>	<u>(19,853)</u>
Finance income — net		105,474	97,713
Share of profits of investments accounted for using the equity method		<u>18,750</u>	<u>26,076</u>
Profit before income tax		855,521	1,181,352
Income tax expense	7	<u>(241,154)</u>	<u>(334,091)</u>
Profit for the period, attributable to equity holders of the Company		<u>614,367</u>	<u>847,261</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
— Basic and diluted	8	<u>14.22 cents</u>	<u>19.62 cents</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2022**(All amounts in thousands of Renminbi unless otherwise stated)*

	Unaudited	
	Six months ended 30 June	
	2022	2021
Profit for the period	<u>614,367</u>	<u>847,261</u>
Other comprehensive income		
<i>Item that may not be reclassified to profit or loss</i>		
Fair value gains on financial assets at fair value through other comprehensive income, net of tax	<u>–</u>	<u>84</u>
Other comprehensive income for the period, net of tax	<u>–</u>	<u>84</u>
Total comprehensive income for the period, attributable to equity holders of the Company	<u><u>614,367</u></u>	<u><u>847,345</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2022

(All amounts in thousands of Renminbi unless otherwise stated)

	<i>Note</i>	Unaudited 30 June 2022	Audited 31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment		6,944,862	7,256,556
Right-of-use assets		1,730,616	1,691,168
Investment properties		266,024	275,630
Intangible assets		8,403	6,702
Investments accounted for using the equity method		810,355	812,899
Financial assets at fair value through profit or loss		505,198	300,120
Deferred income tax assets		420,674	391,539
Other receivables — non-current portion		17,856	17,136
Long-term time deposits		3,870,000	3,950,000
		14,573,988	14,701,750
Current assets			
Inventories		1,891,770	2,392,506
Trade and bills receivables	<i>10</i>	769,100	648,531
Prepayments, deposits and other receivables		925,876	762,331
Current income tax recoverable		13,134	15,625
Financial assets at fair value through profit or loss		1,025,393	1,415,328
Cash and bank balances		3,222,031	2,128,271
		7,847,304	7,362,592
Assets classified as held for sale		—	1,004
		7,847,304	7,363,596
Total assets		22,421,292	22,065,346

	<i>Note</i>	Unaudited 30 June 2022	Audited 31 December 2021
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		3,543,702	3,543,702
Retained earnings		4,158,936	5,351,936
		<u>12,572,301</u>	<u>13,765,301</u>
Total equity			
LIABILITIES			
Non-current liabilities			
Borrowings		50,000	–
Deferred income tax liability		318,599	331,021
Lease liabilities — non-current portion		78,516	17,744
Other payables — non-current portion		282,574	268,400
		<u>729,689</u>	<u>617,165</u>
Current liabilities			
Trade payables	<i>11</i>	2,281,782	2,118,048
Other payables and accruals		2,670,521	2,068,417
Contract liabilities		1,299,669	3,233,044
Borrowings		2,694,785	112,300
Lease liabilities		24,992	19,675
Current income tax liabilities		147,553	131,396
		<u>9,119,302</u>	<u>7,682,880</u>
Total liabilities		<u>9,848,991</u>	<u>8,300,045</u>
Total equity and liabilities		<u><u>22,421,292</u></u>	<u><u>22,065,346</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in thousands of Renminbi unless otherwise stated)

1 GENERAL INFORMATION

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

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

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 17 December 2007.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”), unless otherwise stated, and was approved for issue by the Board of Directors on 9 August 2022.

This condensed consolidated interim financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2.1 Going concern basis

The Group’s directors and management closely monitor the Group’s cash management and working capital requirements. The directors are of the opinion that, taking into account the profitable operational performance, the positive operating cash inflows, and available banking facilities, the Group will have sufficient financial resources to support its operations and to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2022. Accordingly, the Group’s condensed consolidated interim financial information has been prepared on a going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) **New and amended standards adopted by the Group**

A number of new or amended standards and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions	1 April 2021
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

- (b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practise Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies Amendments to HKAS 1

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5 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 only 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, food and others.

The executive directors assess the performance of the 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 through distributors and no revenue from transactions with a single external customer account for 10% or more of the Group's revenue.

Addition to non-current assets comprise addition to property, plant and equipment, right-of-use assets, investment properties, intangible assets and investments accounted for using the equity method.

The segment information for the six months ended 30 June 2022 is as follows:

	Six months ended 30 June 2022				Group
	Beverages	Food	Others	Unallocated	
Segment results					
Revenue	<u>8,247,732</u>	<u>5,368,751</u>	<u>323,418</u>	<u>–</u>	<u>13,939,901</u>
Segment profit/(loss)	1,042,078	(157,954)	(4,111)	(148,716)	731,297
Finance income — net	–	–	–	105,474	105,474
Share of profits/(losses) of investments accounted for using the equity method	19,817	–	–	(1,067)	<u>18,750</u>
Profit before income tax					855,521
Income tax expense					<u>(241,154)</u>
Profit for the period					<u>614,367</u>
Other income statement items					
Depreciation and amortization	<u>374,854</u>	<u>152,405</u>	<u>18,135</u>	<u>32,844</u>	<u>578,238</u>
Addition to non-current assets	<u>160,825</u>	<u>113,415</u>	<u>20,461</u>	<u>7,171</u>	<u>301,872</u>

	As at 30 June 2022				
	Beverages	Food	Others	Unallocated	Group
Segment assets and liabilities					
Assets	8,484,454	3,701,954	890,371	8,534,158	21,610,937
Investments accounted for using the equity method	623,256	–	–	187,099	810,355
Total assets					<u>22,421,292</u>
Liabilities	3,966,086	2,885,448	236,614	2,760,843	9,848,991
Total liabilities					<u>9,848,991</u>

The segment information for the six months ended 30 June 2021 is as follows:

	Six months ended 30 June 2021				
	Beverages	Food	Others	Unallocated	Group
Segment results					
Revenue	<u>7,860,127</u>	<u>4,710,554</u>	<u>436,049</u>	<u>–</u>	<u>13,006,730</u>
Segment profit/(loss)	1,193,943	(70,480)	22,360	(88,260)	1,057,563
Finance income — net	–	–	–	97,713	97,713
Share of profits of investments accounted for using the equity method	9,252	–	–	16,824	26,076
Profit before income tax					1,181,352
Income tax expense					<u>(334,091)</u>
Profit for the period					<u>847,261</u>
Other income statement items					
Depreciation and amortization	<u>406,100</u>	<u>163,160</u>	<u>13,710</u>	<u>41,659</u>	<u>624,629</u>
Addition to non-current assets	<u>78,345</u>	<u>105,946</u>	<u>5,669</u>	<u>8,937</u>	<u>198,897</u>
	As at 30 June 2021				
	Beverages	Food	Others	Unallocated	Group
Segment assets and liabilities					
Assets	8,330,509	3,471,896	822,386	8,095,988	20,720,779
Investments accounted for using the equity method	603,563	–	–	201,508	805,071
Total assets					<u>21,525,850</u>
Liabilities	3,248,650	2,295,525	201,313	2,668,799	8,414,287
Total liabilities					<u>8,414,287</u>

6 OPERATING PROFIT

An analysis of the amounts presented as operating items in the financial information is given below.

	Six months ended 30 June	
	2022	2021
Cost of inventories	7,997,274	6,975,025
Promotion and advertising expenses	849,644	1,100,717
Employee benefit expenses, including directors' emoluments	2,090,791	1,875,756
Transportation expenses	658,982	524,373
Depreciation and amortization	578,238	624,629
Short-term rental expenses	33,738	37,286
Provision for impairment of trade receivables	1,085	3,583
Provision for impairment of inventories to net realizable value	8,359	8,242
Gains from disposal of property, plant and equipment	(1,628)	(7,733)
Gains from disposal of right-of-use assets	(1,000)	(11,210)
Government grants (<i>Note</i>)	(61,122)	(68,444)

Note:

The income from government grants represented subsidy received from various local governments in the PRC as rewards to the Group's subsidiaries for their contributions to the economy and development of the regions in which the subsidiaries are located. Such government grants were unconditional and with no future commitment to be fulfilled. Accordingly, they were recognised as income in the condensed consolidated interim income statement.

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
Current income tax		
— Mainland China corporate income tax ("CIT")	282,711	384,782
Deferred income tax	(41,557)	(50,691)
	<u>241,154</u>	<u>334,091</u>

(a) Mainland China corporate income tax ("CIT")

Subsidiaries established in Mainland China are subject to CIT at the rate of 25% (2021: 25%) during the year ending 31 December 2022.

According to the Caishui (2011) No. 58 "The notice on the tax policies of further implementation of the western region development strategy issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs" (財稅[2011]58號“關於深入實施西部大開發戰略有關稅收政策問題的通知”), companies set up in the western region and falling into certain encouraged industry catalogue promulgated by the PRC government will be entitled to a preferential tax rate of 15%. Some of the Group's subsidiaries in the PRC set up in the western development region are entitled to the above mentioned preferential tax rate of 15% during the year ending 31 December 2022.

(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 are subject to income tax at the prevailing rates of 20% (2021: 20%) respectively.

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department, the first HK\$2 million of assessable profits of subsidiaries incorporated in Hong Kong is subject to a tax rate of 8.25% during the year ending 31 December 2022 (2021: 8.25%). The remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5% (2021: 16.5%).

8 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the relevant period.

	Six months ended 30 June	
	2022	2021
Profit attributable to equity holders of the Company	614,367	847,261
Weighted average number of ordinary shares in issue (<i>thousands</i>)	4,319,334	4,319,334
Basic earnings per share (<i>RMB per share</i>)	14.22 cents	19.62 cents

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

9 DIVIDENDS

Dividends in relation to the years ended 31 December 2021 and 2020, amounting to approximately RMB1,807 million and RMB1,622 million, were paid in June 2022 and June 2021, respectively.

The Directors do not recommend an interim dividend in respect of the six months ended 30 June 2022 (2021: Nil).

10 TRADE AND BILLS RECEIVABLES

	30 June 2022	31 December 2021
Trade receivables		
— third parties	753,294	635,669
— related parties	25,507	17,331
	778,801	653,000
Less: provision for impairment	(15,177)	(15,351)
Trade receivables, net	763,624	637,649
Bills receivables		
— from third parties	5,476	10,882
Trade and bills receivables	769,100	648,531

The credit terms granted to customers by the Group are usually 60 to 90 days. At 30 June 2022, the ageing analysis of trade receivables based on the date of demand note is as follows:

	30 June 2022	31 December 2021
Trade receivables, gross		
— Within 90 days	699,335	595,300
— 91-180 days	74,409	48,181
— 181-365 days	2,191	6,526
— Over one year	2,866	2,993
	<u>778,801</u>	<u>653,000</u>

As credit terms are short and most of the trade receivables are due for settlement within one year, the carrying amounts of these balances approximated their fair values as at the balance sheet date.

11 TRADE PAYABLES

	30 June 2022	31 December 2021
Trade payables		
— third parties	1,682,644	1,656,116
— related parties	599,138	461,932
	<u>2,281,782</u>	<u>2,118,048</u>

The credit terms granted by suppliers to the Group are usually 30 to 90 days. At 30 June 2022, the ageing analysis of trade payables based on the date of demand note is as follows:

	30 June 2022	31 December 2021
Trade payables		
— Within 180 days	2,224,017	2,059,771
— 181 to 365 days	33,976	19,765
— Over one year	23,789	38,512
	<u>2,281,782</u>	<u>2,118,048</u>

The carrying amounts of trade payables approximated their fair values as at the balance sheet date due to short-term maturity.

AUDIT COMMITTEE REVIEW

The Audit Committee comprises Dr. Fan Ren-Da, Anthony, Mr. Chen Johnny, Mr. Chen Sun-Te, Mr. Su Tsung-Ming and Mr. Lo Peter. Except for Mr. Su Tsung-Ming who is a non-executive Director, the other members of the Audit Committee are independent non-executive Directors. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The Audit Committee has reviewed the management accounting principles and practices adopted by the Group and discussed financial reporting matters. The Audit Committee has reviewed the unaudited interim results of the Group for the Period under Review and has recommended their adoption by the Board.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules during the Period under Review.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Period under Review.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to regulate securities transactions of the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the Period under Review.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The Company's 2022 interim report will be despatched to the shareholders of the Company and made available on the website of The Stock Exchange of Hong Kong Limited and the Company's website (www.uni-president.com.cn) in due course.

The condensed consolidated interim financial information set out above does not constitute the Company's statutory financial statements for the Period under Review but is extracted from the condensed consolidated financial statements for the Period under Review to be included in the 2022 interim report.

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

9 August 2022

As at the date of this announcement, the Board comprised Mr. Lo Chih-Hsien and Mr. Liu Xinhua as executive Directors; Mr. Chen Kuo-Hui and Mr. Su Tsung-Ming as non-executive Directors; and Mr. Chen Sun-Te, Mr. Chen Johnny, Dr. Fan Ren-Da, Anthony and Mr. Lo Peter as independent non-executive Directors.