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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 2023 INTERIM RESULTS**

- Revenue amounted to RMB14,571.9 million, up by 4.5%
- Group gross margin of 31.1%, up by 1.0 percentage point
- EBITDA of RMB1,793.7 million, up by 22.9%
- Profit for the period, attributable to equity holders of the Company of RMB876.6 million, up by 42.7%

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 2023 (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 ON ECONOMIC ENVIRONMENT**

In the first half of 2023, the gross domestic product (“GDP”) of the People’s Republic of China (the “PRC” or “China”) recorded a year-on-year increase of 5.5% and total retail sales of consumer goods increased by 8.2% year-on-year. The PRC government has adjusted and optimized its pandemic prevention policies. The Group operates in the food industry, which is essential to people’s livelihoods, and has maintained its recovery momentum, with its product strengths being a key success factor. The diversified needs of consumers for consumption value have provided opportunities for the leading brands with advantages in industry chain and supply chain to expand their presence and strengthen market integration in cities of all levels. Therefore, the increasing pace of market changes represents the growing importance of consumption scenarios and channels.

The brand continues to optimize its relationship with consumers and deliver unique emotional value. It builds deep interactions and emotional bonds with consumers, adopting innovative marketing methods to shape brand experience. With a consumer-oriented approach, the Group also promotes digitization to enhance efficiency and uses big data to support the processes from research and development to sales, which facilitate its pursuit of better quality and healthier products. The public’s pursuit of personalization, convenience and value in consumption is also conducive to the sustainable growth of the Group’s revenue.

## **FINANCIAL RESULTS**

During the Period under Review, the Group recorded a revenue of RMB14,571.9 million (first half of 2022: RMB13,939.9 million), representing an increase of 4.5% as compared with the corresponding period of last year. Revenue from the food business amounted to RMB4,902.1 million, representing a decrease of 8.7% as compared with the corresponding period of last year, which accounted for 33.6% of the Group’s total revenue, and revenue from the beverages business amounted to RMB9,258.1 million, representing an increase of 12.3% as compared with the corresponding period of last year, which accounted for 63.5% of the Group’s total revenue. Gross profit of the Group increased from RMB4,198.8 million for the corresponding period of last year to RMB4,532.9 million, representing an increase of 8.0% while the gross profit margin increased by 1.0 percentage point from 30.1% for the corresponding period of last year to 31.1%, which was mainly due to the decrease in the cost of certain raw materials and the optimisation of product mix.

During the Period under Review, the selling and marketing expenses increased by approximately RMB284.3 million to RMB3,388.3 million (first half of 2022: RMB3,104.0 million) as compared with the corresponding period of last year. The increase in selling and marketing expenses was mainly due to the year-on-year increase in the remuneration of sales representatives and the expenses for sales channels. During the Period under Review, administrative expenses amounted to RMB534.6 million (first half of 2022: RMB493.0 million), representing an increase of 8.4% as compared with the corresponding period of last year, which was mainly due to increase in employee remuneration and travelling expenses.

The operating profit was RMB1,092.4 million for the Period under Review (first half of 2022: RMB731.3 million), representing an increase of 49.4% as compared to the corresponding period of last year. The increase was mainly attributable to the one-off gain from the disposal of land use right of a piece of land located in Hefei, the PRC of RMB341.8 million. During the Period under Review, profit attributable to equity holders of the Company was RMB876.6 million, representing an increase of 42.7% as compared with RMB614.4 million of the corresponding period of last year.

## **BUSINESS REVIEW**

### **Food Business**

With an aim to satisfy the needs of consumers, the Group was committed to managing product quality, continuously optimizing product tastes and enhancing product strengths to create a perfect consumption experience for consumers. We strived to diversify consumption scenarios by offering products to be enjoyed by consumers in different occasions, while focusing on tasty and convenience. The Group adheres to the value-based marketing strategies to enhance brand awareness and loyalty, while accumulating brand assets. The Group recorded a revenue of RMB4,902.1 million from the food business in the first half of 2023.

#### ***Instant Noodles Business***

In the first half of 2023, the impact of the COVID-19 pandemic subsided, the economic order returned, and the consumer market was gradually recovering. At the same time, consumers paid more attention to health, safety and product value. The instant noodles business of the Group is committed to meeting the needs of the public and providing consumers with high-value products. The Group's products continue to iterate and their quality is constantly optimized, creating a unique value as well as a perfect consumption experience for consumers.

In the 16 years since its launch, “Soup Daren (湯達人)” has stayed true to its initial inspiration and insisted on improving the products with ingenuity to give consumers the ultimate product experience. In terms of products, the Group launched a cherry blossom season limited edition of “Soup Daren (湯達人)” to maintain the brand's vitality. At the same time, the Group actively expanded the sales territory of the nourishing soup, and launched “mixian” products under the “Soup Daren (湯達人)”, with sales rising steadily and an online positive feedback rate of 99%. In terms of channels, the Group resolutely maintained the stability of market price and the freshness of products, and improved the purchasing experience of consumers. In terms of communication, the Group inherited the brand assets of the Genki Music Festival of “Soup Daren (湯達人)” and held the Changsha Music Festival, at which the brand awareness and reputation being significantly improved.

There are five keys to refining the inner beauty of “Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)”. Focusing on five aspects, i.e. materials, formula, Lao Tan, processing method and patent, the Group adhered to the traditional craftsmanship, carried out inheritance and innovation, strictly controlled the quality, and built a differentiated barrier to “Uni-President Lao Tan Pickled Cabbage”. In terms of the outer beauty, the Group created the super IP “Grandpa Lao Tan (老壇爺爺)” as a brand privatization asset, which was presented in the product packaging and sales materials. The brand continued to adopt an open and transparent attitude to achieve information symmetry and enhance consumers’ trust in quality. On the basis of traceability of one factory and one code, the Group launched the public live broadcast of production lines, and continuously live broadcast the scene of the instant noodle production lines and the pickled cabbage fermentation jar rooms on the Weibo platform. The Group organised a visit to the factories of pickled cabbage package suppliers for the tenth consecutive year. It upgraded the visit experience, and created it into a brand symbol event. The representatives from the People’s Daily Online, The Paper, the China Food News and other well-known media from various provinces and students’ representatives from more than ten colleges and universities visited various suppliers’ factories to witness the above event, and reported the tenth anniversary visit event to the public with the theme of “Ten Years as One, Firmly Believing in Uni-President (十年如一、認準統一)”. The Group launched a sensational “Hongdong (轟動)” activity with the theme of “Grandpa Lao Tan invites you to eat noodles - the sour and refreshing experience hall of Uni-President Lao Tan”. The highlight of the activity was the experience of the process of Lao Tan pickled cabbages and the parade of Grandpa Lao Tan’s gas modeler, which became a hot topic nationwide and won the favor of consumers.

“The King of Tomato (茄皇)” insisted on starting from the product strength, establishing higher standards in the aspects of core raw material control, key technological processes and three product characteristics (stability, continuity and consistency), and continuously bringing consumers a sweet, sour and sunshine healing experience. In the first half of the year, we renewed and upgraded the brand visual symbol of “The King of Tomato (茄皇)”, which further enhanced its brand recognition and reduced the cognitive costs while conveying the positioning of “Pioneer of Tomato Delicacy (番茄美味開拓者)”. The advertisements on mainstream media and the fiery promotion of offline activities have greatly increased the brand customer base and brought the revenue up to a new level.

“Teng Jiao (藤嬌)” adheres to the branding of products with a continued focus on our rattan pepper-flavoured products and continuous product enhancement to strengthen the fresh and spicy flavour characteristics. Hand-painted classic hip-hop image packaging, with the help of the dynamic hip-hop dance that Generation Z loves, interpreted the pleasure that “Teng Jiao (藤嬌)” brought to the mouth: “spicy and refreshing, numb lips move (辣的清新爽口，麻的唇唇欲動)”.

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)” continued to improve its product to provide consumers with a high-end sense of quality and ceremony. In terms of communication, with a focus on the taste of Taiwanese beef noodles, we promoted the product using a platform matrix including Douyin, Weibo, Bilibili and Xiaohongshu to strengthen the public awareness of classic flavor and large beef noodles from Taiwan.

## ***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 will continue to enhance products of room temperature such as self-heating rice and instant wonton and will develop new frozen prefabricated dishes in the second half of the year to provide consumers’ three meals a day. In terms of communication, with “Kai Xiao Zao, Special Treat (好好吃飯開小灶)” as the core appeal, it cooperated with Mr. Xiao Zhan for the fourth consecutive year, and 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 and stockpiling list for many years, demonstrating its large loyal customer base in the self-heating field/fast food industry.

“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)” was selected as TOP1 on the annual instant noodle/rice noodle category list of Tmall Supermarket in April 2023.

Looking forward to the second half of the year, with the gradual recovery of the consumer market, opportunities outweigh challenges. The Group’s food business will seize consumers’ preferences and needs to establish a strong emotional connection with consumers by conveying the brand concept to consumers through products, so as to gain emotional resonance. High-value national products are still well received by consumers, and the Group will bring consumers more satisfactory experiences by continuing to polish products to improve quality. The Group will adhere to a consumer-oriented approach, and stay true to its original aspirations without compromising its quality; give full play to its own advantages and constantly strive for diversification, so as to enhance innovation and bring good-looking and quality delicacies to consumers; and strive to integrate healthy food ingredients into the national flavor, carry forward the profound Chinese food culture, ultimately becoming a trusted partner of consumers.

## **Beverage Business**

The Group’s beverage business recorded a revenue of RMB9,258.1 million for the first half of 2023 (first half of 2022: RMB8,247.7 million), representing an increase of 12.3% as compared with that of the corresponding period last year. The Group adhered to brand building for creating brand value, and actively communicated and interacted with young consumers in depth to convey our brand concept. We further developed key markets to actively cover multiple consumption scenarios, such as restaurant, family and gift scenarios, etc. We pushed forward with the expansion of efficient terminal point-of-sale, continued to enhance frozen sales, empowered by digitization, and fulfilled the diversified needs of consumers with multiple channels and multiple scenarios through product innovation and optimization. The performance of various major beverage businesses during the first half of 2023 is set forth as follows:

## ***Tea Drinks***

In the first half of 2023, the revenue of tea drinks amounted to RMB4,156.9 million, representing an increase of 13.9% as compared with that of the corresponding period last year. In 2023, under the themes of “expanding domestic demand (擴內需)” and “promoting consumption (促消費)”, the consumer market in China aims to create more new consumption and new opportunities. The Group’s tea drinks business closely monitored the changes and trends in consumption and was committed to providing better products and services to meet the needs of new channels, new scenarios and new consumer groups.

“Uni Green Tea (統一綠茶)” continues to build a brand recognised by young people across the nation in 2023, taking “Real tea extraction (真茶萃取)” as the core rational benefit, and delivering the brand concept of “Uni Green Tea, providing bonus to health (統一綠茶，為健康加酚)”. In the first half of the year, in line with the trend of big health, we launched sugar-free jasmine green tea to broaden the drinking population and strengthen health attribute and awareness of the brand. In the second half of the year, we will target young people by sponsoring the Tencent S-level variety show, and deepened the brand concept of “Uni Green Tea, providing bonus to health (統一綠茶，為健康加酚)”. The fourth year of public welfare activity of “Send coolness to delivery riders (為小哥清涼加酚)” will be carried out in July and August to provide cool “Uni Green Tea (統一綠茶)” for outdoor workers such as delivery riders and couriers. This year, we will work together with the Cainiao Station to link up the online and offline scenarios in an all-round manner, and pass on the green, healthy and positive lifestyle of the brand by initiating heart-touching charity events.

In 2023, the product strength of “Uni Ice Tea (統一冰紅茶)” is upgraded by adding “real lemon juice (真實檸檬汁)” to enrich the taste of product, attracting and cultivating new generations of consumers with “Real lemon, true youth (真檸檬，真青春)”. At the same time, through the ACG (二次元) culture such as Chinese comics IPs (國漫IP), we deeply cultivate core communities and promote the brand to be young. In the first half of the year, the VI (Visual Identity) visual rejuvenation was upgraded by refining lemon, and around the theme of “Real lemon, true youth (真檸檬，真青春)”, we entered the hearts and minds of comics fans by uniting Generation Z passionate Chinese comics IPs (Z世代熱血國漫IP). In the second half of the year, we will ride on the summer vacation to focus on Bilibili favoured by the new generation to tap into the communities of ACG (二次元), continue the user’s assets deposition of the brand in the ACG (二次元) communities and convey the product’s core benefits and the confident and youthful attitude of the brand.

In 2023, “Uni Plum Green Tea (統一青梅綠茶)” quickly captured consumers’ hearts and consolidated its market position by continuously highlighting its unique selling point of “Grade A plums (A級軟枝大粒梅)” in its promotion. In the first half of the year, we exclusively sponsored Bilibili’s “Forever 22! (永遠22!)” graduation concert for 2023, leveraging on which we created the brand’s exclusive Traditional Chinese Graduation (國風畢業季)IP to accumulate brand assets, and interacted with consumers in depth with a call of gathering, thus bringing resonance and achieving boundary-breaking. In the second half of the year, we will continue to expand our brand reputation and cooperate with Chinese style shows, leverage on popular IPs to consolidate the brand identity of traditional Chinese, rapidly increase brand awareness, and establish its differentiated recognition of “Grade A plums (A級軟枝大粒梅)”.

“Classmate Xiaoming (小茗同學)” focuses on the group of students who love the ACG (二次元) culture and determines the brand goal of “becoming a leader in market segments and forming barriers in the communities (市場區隔領導者，形成圈層壁壘)”. With focus of communication resources on Bilibili, a platform where Generation Z gathers, the Group cooperates with it and leverages the popular IP “Link Click (時光代理人)” as an opportunity to accurately attract target consumers in the community.

“Chai Li Won (茶裏王)” will take advantage of the sugar-free trend in 2023 to further develop and expand into second-tier cities. We are committed to providing a product experience of “a sweet taste came after just like it’s freshly brewed (回甘就像現泡)” and with breakthroughs made in innovation of process techniques, the first fresh leaf juice is used to the green tea category to further strengthen product characteristics with simple ingredients to meet consumers’ pursuit for good tea of no additives with sweet taste came after. In terms of communication, we integrate the customs of tea areas and tea-making techniques, enrich the stories of brand tea culture, and convey the attitude of dedication to making good tea.

The Group’s brands of tea drinks continue to forge their product strength, provide products that meet demands of the public and the times, and also establish presence in multiple scenarios by enhancing operations and resources investments on family, food and beverage, O2O and other channels. While maintaining sales growth and improving resilience, the Group will capitalize on trend-setting products and discover new opportunities.

## *Juice*

In the first half of 2023, revenue from the juice business of the Group amounted to RMB1,655.0 million, representing an increase of 18.1% as compared with the corresponding period last year, maintaining the growth momentum of 2022. Always adhering to the idea of providing tasty and healthy juice to consumers, the juice business continued to optimize the benefits of juice and enrich its flavors. We continued to concentrate our business strategy on diversifying specifications and scenarios to cater for the mass taste by enhancing the penetration of ready-to-drink scenario, deepening the operation of food and beverage scenario, accelerating the expansion of gift set scenario, actively cultivating family scenario, aggressively endeavoring to develop group purchases and continually expanding juice market share.

With the two core benefits of “More Fiber (多纖)” and “More Vitamin C (多C)”, “Uni Orangeate (統一鮮橙多)” continued to deliver the core value of “More Beauty (多漂亮)”. Centering on the visual hammer of the word “fiber (纖)” on product packaging, it added slogans for different scenarios and has drawn consumers’ attention to orange juice with more “fiber (纖)” and more “Vitamin C (C)”. Meanwhile, we further developed the food and beverage scenario to consolidate Orangeate’s image of being the “go-to beverage”. We have accelerated national presence of the gift set scenario, and launched gift sets of different specifications to meet the consumer needs of different markets.

With the key appeal of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出味)”, “Uni Guo Yang Kumquat Lemon Beverage (統一果漾金桔檸檬)” continued to create the Guo Yang (果漾) brand label of “Outstanding with Sweet and Sourness (酸甜出味)”. In 2023, the brand was cobranded 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 (酸酸甜甜更出味)”. 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 product experience, creating the Kumquat Lemon Beverage brand image of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出味)”. At the same time, the new flavour “Uni Sweet-sour Plum Juice (統一酸梅湯)” was developed to create a new growth curve and convey a new category recognition of “Becoming More Outstanding with Refresh and Sourness (酸酸爽爽更出味)”.

“Haizhiyan (海之言)” insisted on permeating the sweating scenario and continued to expand point-of-sale (POS). Grasping the trend of electrolyte drinks in the post-pandemic era, “Haizhiyan (海之言)” rode the trend to accurately position the category of electrolyte drinks, and spread the benefit that “Haizhiyan (海之言)” contains Mediterranean Sea salt to help you rehydrate and replenish electrolyte loss”. We emphasized the consumption reasons and kept appealing to consumers with our core message: “Drink Haizhiyan after sweating (流汗就喝海之言)”, so as to capture consumers’ attention. Meanwhile, we actively deployed the electrolyte drinks market and reserved products for different drinking scenarios to find a new driver for growth.

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)” conveyed its core value of “Moist (潤)” targeting young consumers in 2023, attracting the attention and affection of young consumers. We continuously optimized packaging vision and flavour and improved the sense of product quality, highlighting the core benefit of “Moist (潤)”. We actively explored sales opportunities in multiple scenarios in key cities in preparation for the realization of frozen sales, and gave consumers the ultimate ice-cold experience.

“Vitality Awakening (元氣覺醒)” delivered the brand slogan of “Vitality is awakened every day by the freshness and sweetness of naturally fully-ripened fruits (自然完熟才清甜，元氣覺醒天天見)”, 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 carefully and strictly selected naturally fully-ripened fruits and vegetables and completely replicated the freshness and sweetness of naturally fully-ripened fruits and vegetables, and launched a new product 100% carrot compound fruit and vegetable juice. We continued to focus on cultivating 100% juice market in key first-tier cities by developing the contemporary system and e-commerce platforms. At the same time, we rode the trend to expand family scenario and online platforms such as O2O and groceries delivery services and actively created new growth drivers for the juice business in response to consumers’ demand for pursuing a healthy life.

In the second half of 2023, the Group’s juice business will continue to ride on the changes in consumption demand and market trend. We will insist on the core value of our juice products’ health benefits and continuously optimize product strength. We will seize the definite growth opportunity from the Mass Taste to Traditions (傳統大口味), to put efforts in multiple scenarios at the same time and quickly turn it into a mass taste, thereby rapidly expanding the market share of our juice business on a continuous basis.

## ***Milk Tea***

In the first half of 2023, the milk tea business of the Group generated revenue of RMB3,180.1 million, representing an increase of 7.1% as compared with the corresponding period last year, with double-digit revenue growth in the second quarter and continued to maintain its market-leading position. As the leading brand of the category, “Uni Assam Milk Tea (統一阿薩姆奶茶)” firmly implemented the operation concept of “product quality is the key to competitiveness (產品力是王道)”, and strived to boost consumers’ mood with smooth and tasty Assam Milk Tea anytime and anywhere by continuously refining the freshness management with strict control of raw materials, manufacturing process and product quality. We continued to carry out communication activities by centering on the brand’s core value of “Smooth and Good Mood (順滑好心情)”, and used the “SMILEY (笑臉)” IP to jointly convey the brand appeal of “Happy New Year (順年大歡喜)”. We launched a new series of Fruit Milk Tea specifically for young consumers, and interacted with target customers in a high frequency through social media sharing and recommendation, so as to enhance brand vitality. Through our exclusive title sponsorship of the variety show “Friends Together (是好朋友의週末)”, Assam milk tea was embedded in various scenarios of consumers’ lives, enhancing the connection between Assam and good mood and achieving brand rejuvenation. In the second half of 2023, we will continue to explore consumption scenarios, extend new specifications and packaging materials to meet the different demands of consumers.

## ***Coffee***

In the first half of 2023, our coffee business proactively grasped the trend of the industry by focusing on expansion of our market share. On the product front, “A-Ha Coffee (雅哈咖啡)” launched a new trendy flavour, Raw Coconut Latte, to provide consumers with more choices. After half a year of trial sales, the new product has been well received by consumers and its product strength has been verified. On the communication front, we continued to convey the brand appeal of “Getting Started with Vitality! (活力出發)” by promoting integrated marketing campaign through sales to consumers, which was supplemented by media advertisements at subways and buildings in key cities, to effectively enlarge our customer base. On the operation front, on the basis of focusing on the creation of places of business in key cities, we promoted the deployment of potential markets in an orderly manner, and gradually enhanced the channel penetration of A-Ha.

In the second half of the year, the coffee business will, on top of focusing on iced coffee, increase the distribution rate of Raw Coconut Latte and strengthen the brand’s shelf performance. On the communication front, we will focus on key cities and create large-scale theme promotion event-based marketing activities to drive rapid growth in the consumer base.

## ***Bottled Water***

The water business of the Group focuses on the operation of “ALKAQUA (愛誇)” mineral water. In 2023, the brand of ALKAQUA was upgraded strategically, and we communicated emotionally with consumers through our brand proposition of “Just keep it simple, ALKAQUA (愛誇礦泉，簡單就好)”. The brand is aware of the prevailing consumer sentiment of anti-involution and anti-anxiety, and thus advocates consumers to live more simply as simple is the best by integrating the natural characteristics “simple” of ALKAQUA: transparent bottle body, natural water source and minimalist blue label design. We create brand stories targeting the four groups of gold-collar workers in the workplace, sophisticated mothers, high school students and their associated families and practitioners as well as urban couples, to interpret the core spirit of “Just keep it simple (簡單就好)” of ALKAQUA through the changes in the status of characters brought about by ALKAQUA, and spread it around the life and work radius of the target groups.

For channels, we focused on the contemporary system, consolidating and expanding sales in the chain convenience store system (CVS), and increasing brand interaction-based promotion methods to further enhance interaction between the brand proposition of “Just keep it simple, ALKAQUA (愛誇礦泉，簡單就好)” and the four target groups, in order to cultivate sustainable revenue growth. Meanwhile, based on the high-end positioning of ALKAQUA as a high-quality natural mineral water, we have stepped up efforts in e-commerce and special channels to capture high-end household consumption and consumption in specific scenarios, such as sales at the airport and High Speed Rail stations. We promoted ALKAQUA’s penetration into more high-end drinking scenarios along its own brand identity, so as to increase the scale of sales and its growth rate.

## **E-Commerce**

The Group’s online business aims to enrich consumers’ purchasing channels. We are committed to creating a business model that is convenient, safe and efficient, with the aim of always striving to provide greater convenience to consumers. In addition to maintaining our traditional e-commerce operations, we have explored two new business models in 2023. We have deepened our presence in the new O2O e-commerce platforms, with Freshhema (盒馬) and Meituan Grocery (美團買菜) as representatives, meeting most consumers’ demand for “purchasing high-quality products instantly and affordably (即時又實惠地買到好東西)”. Furthermore, we have strategically deployed our resources into the field of universal interest-based e-commerce, which is represented by platforms like Douyin Shop (抖音商城) and Douyin Supermarket (抖音超市). We have also set up three Douyin-themed livestreaming rooms to meet the emerging demand of most users for “price-interest ratio (趣價比)”. We are committed to providing more emotional value while creating new promotional platforms for various brands within the Group.

## FINANCIAL ANALYSIS

### Cash and Borrowings

As at 30 June 2023, the Group had cash at bank and on hand of RMB7,048.5 million (31 December 2022: RMB6,654.2 million), among which 99.93% was denominated in Renminbi, 0.02% was denominated in United States dollar, 0.04% was denominated in Hong Kong dollar and 0.01% was denominated in other currencies. The Group mainly financed its operation and capital expenditures with internally generated cash flow. As at 30 June 2023, the Group's total financial liabilities amounted to RMB2,698.1 million (31 December 2022: RMB869.5 million), representing an increase of 210.3% as compared to the beginning of the period, which was mainly attributable to the increase in short-term borrowings. The Group's current short-term working capital was relatively sufficient to repay our bank borrowings when fall due and to meet the Group's working capital requirements. 100% of borrowings of the Group's total financial liabilities was denominated in Renminbi. As at 30 June 2023, all of the Group's financial liabilities bore floating interest rates. As at 30 June 2023, the Group did not have any secured bank borrowing (31 December 2022: Nil).

### Financing

The Group aims to maintain an appropriate capital structure. The gearing ratios of the Group as at 30 June 2023 and 31 December 2022 were as follows:

	<b>30 June 2023</b>	31 December 2022
	<b>RMB'000</b>	RMB'000
Total borrowings (including lease liabilities)	<b>2,698,122</b>	869,496
Less: cash at bank and on hand	<b><u>(7,048,484)</u></b>	<u>(6,654,208)</u>
Net cash	<b>(4,350,362)</b>	(5,784,712)
Total equity	<b><u>12,591,740</u></b>	<u>13,181,353</u>
Gearing ratio ( <i>Note</i> )	<b><u><u>(34.55%)</u></u></b>	<u><u>(43.89%)</u></u>

*Note 1:* As at 30 June 2023, cash at bank and on hand excluded the Group's purchase of financial products issued by four big domestic banks and other commercial banks. As at 30 June 2023, the Group had financial assets at fair value through profit or loss of RMB1,542.3 million (31 December 2022: RMB1,018.5 million).

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

The Group reviewed its gearing ratio on a regular basis. According to the capital plan for the future, the Group tried to maximize revenue for its shareholders with capital risk awareness in mind. Capital structure was constantly adjusted according to changes in the operational environment.

## Cash Flow and Capital Expenditure

As at 30 June 2023, the Group recorded a net decrease in cash and cash equivalents of RMB7.0 million, comprising net cash inflow from operating activities of RMB853.2 million, net cash outflow from investing activities of RMB1,206.5 million and net cash inflow from financing activities of RMB346.4 million. The Group's capital expenditure (including lease right-of-use assets) for the Period under Review was RMB697.1 million (first half of 2022: RMB301.9 million), which was mainly due to an increase in investments in marketing assets for sales channels.

## Analysis of Operating Efficiency

The Group stringently controls and manages the levels of trade receivables, trade payables and inventories. Sales to most customers are made on a delivery on payment basis. Trade receivables are generated from credit sales to credit customers from modern channels and e-commerce business (including but not limited to food and groceries stores, stalls and department stores) with credit terms normally ranging from 60 to 90 days. During the Period under Review, net trade receivables decreased by RMB149.5 million to RMB670.4 million (31 December 2022: RMB819.9 million). The higher net trade receivables at the beginning of the period was mainly due to the product preparation in advance for Chinese New Year in December 2022 and the increase in products prepared for customers.

The Group's inventories mainly comprised raw materials, packaging materials, finished goods, work-in-progress and low-value consumables. As at 30 June 2023, the inventories balance decreased by RMB649.8 million to RMB1,872.7 million (31 December 2022: RMB2,522.5 million) as compared to the beginning of the period, which was attributable to the early preparation of products for the Chinese New Year sales. The inventories turnover days decreased by five days as compared with that as at 31 December 2022. The Group's trade payables mainly arise from credit purchases of raw materials and finished goods. During the Period under Review, trade payables decreased by RMB431.6 million to RMB2,243.4 million (31 December 2022: RMB2,675.0 million). The major turnover days of the Group as at 30 June 2023 and 31 December 2022 were as follows:

	<b>30 June 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade receivables turnover days	<b>9</b>	9
Inventory turnover days	<b>39</b>	44
Trade payables turnover days	<b>44</b>	43

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

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

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

The Group reckoned that trade receivables turnover days, inventory turnover days and trade payables turnover days in the distribution channel helped 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 sake 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. The Group has maintained an automated reconciliation system, which significantly improved capital efficiency and accounting treatment effectiveness.

## **Treasury Policy**

It was the Group's treasury management policy not to engage in any highly risky investment or speculative derivative products 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 to 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 2023, 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 2023.

## **CHARGES ON GROUP ASSETS**

The Group did not have any charge on group assets as at 30 June 2023.

## **MATERIAL ACQUISITION AND DISPOSAL**

During the Period under Review, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

## **FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

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

## **PROSPECT**

The overall economic environment is still facing various challenges and opportunities. The consumer behavior of Chinese consumers towards food and beverages remains highly situation-driven. Regardless of whether it is outing, family dining, group purchase, gift-giving or catering, actual situation drives consumer behavior. By understanding the situational features of when, where, and with whom consumers make their purchases, the Group obtains unique value opportunity.

The Group always makes decisions and investments in light of our long-term goals to strike a balance among short-, medium- and long-term strategies, while seeking opportunities to streamline operations, eliminate redundant processes, and enhance operational efficiency. The trend is getting clearer that Chinese consumers are seeking better quality and healthier products. Therefore, growth of sales can be anticipated in the Group, being one of the trend leaders. The Group will continue to focus on its operation and, under the guidance of the operating direction of being “quick, stable and fresh (快、穩、鮮)”, achieve its business objectives swiftly and steadily, striving for better operating results and maximizing shareholders' returns.

The Group follows the goal and strategy of “sustainability (永續經營)” and, while pursuing performance growth, always fulfills its social responsibilities. We actively respond to the national strategy of “promoting green development and harmonious coexistence between human and nature”, pay attention to the latest development trend of various global environmental issues, and undertake the social responsibility of environmental protection. The Group adheres to the concept that enterprise development and environmental protection are equally important. We practice green production, promote technology development and renewable energy utilization to assist the realization of circular economy and the “carbon peaking and carbon neutrality” goals. We devote ourselves to environmental protection and sustainable development.

## **HUMAN RESOURCES POLICY**

As at 30 June 2023, the total number of employees of the Group was 33,321. The Group adhered 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 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 rewarded 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 of the employees.

The total employee benefits expenses (including Directors' emoluments) amounted to RMB2,243.9 million during the Period under Review. The Group does not have any share option scheme for its employees.

## **PRODUCTION STRATEGIES**

The Group did not solely rely on its own production resources. It also 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 2023

(All amounts in thousands of Renminbi unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2023	2022
<b>Revenue</b>	5	<b>14,571,877</b>	13,939,901
Cost of sales		<u>(10,038,981)</u>	<u>(9,741,069)</u>
<b>Gross profit</b>		<b>4,532,896</b>	4,198,832
Other gains – net		<b>370,789</b>	25,123
Other income		<b>175,076</b>	174,060
Other expenses		<b>(63,498)</b>	(69,682)
Selling and marketing expenses		<b>(3,388,267)</b>	(3,104,049)
Administrative expenses		<u><b>(534,589)</b></u>	<u>(492,987)</u>
<b>Operating profit</b>	6	<u><b>1,092,407</b></u>	<u>731,297</u>
Finance income		<b>122,487</b>	131,057
Finance costs		<u><b>(26,317)</b></u>	<u>(25,583)</u>
Finance income – net		<b>96,170</b>	105,474
Share of profits of investments accounted for using the equity method		<u><b>17,046</b></u>	<u>18,750</u>
<b>Profit before income tax</b>		<b>1,205,623</b>	855,521
Income tax expense	7	<u><b>(329,012)</b></u>	<u>(241,154)</u>
<b>Profit for the period, attributable to equity holders of the Company</b>		<u><b>876,611</b></u>	<u>614,367</u>
<b>Earnings per share for profit attributable to equity holders of the Company</b> (expressed in RMB per share)			
– Basic and diluted	8	<u><b>20.30 cents</b></u>	<u>14.22 cents</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2023*

(All amounts in thousands of Renminbi unless otherwise stated)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<b>Profit for the period</b>	<u>876,611</u>	<u>614,367</u>
<b>Total comprehensive income for the period, attributable to equity holders of the Company</b>	<u><b>876,611</b></u>	<u><b>614,367</b></u>

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2023

(All amounts in thousands of Renminbi unless otherwise stated)

	<i>Note</i>	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,646,582</b>	6,662,688
Right-of-use assets		<b>1,616,191</b>	1,702,095
Investment properties		<b>247,004</b>	256,417
Intangible assets		<b>8,797</b>	6,687
Investments accounted for using the equity method		<b>815,849</b>	817,729
Deferred income tax assets		<b>357,587</b>	356,104
Other receivables – non-current portion		<b>20,703</b>	27,592
Long-term time deposits		<b>5,282,170</b>	3,532,170
		<b>14,994,883</b>	13,361,482
<b>Current assets</b>			
Inventories		<b>1,872,671</b>	2,522,530
Trade and bills receivables	<i>10</i>	<b>670,386</b>	819,877
Prepayments, deposits and other receivables		<b>1,388,472</b>	904,888
Current income tax recoverable		<b>11,918</b>	35,019
Financial assets at fair value through profit or loss		<b>1,542,288</b>	1,018,521
Cash and bank balances		<b>1,766,314</b>	3,122,038
		<b>7,252,049</b>	8,422,873
<b>Total assets</b>		<b>22,246,932</b>	21,784,355

	<i>Note</i>	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		39,764	39,764
Share premium account		4,829,899	4,829,899
Other reserves		3,858,113	3,858,113
Retained earnings		<u>3,863,964</u>	<u>4,453,577</u>
<b>Total equity</b>		<u><b>12,591,740</b></u>	<u>13,181,353</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability		359,491	322,048
Lease liabilities – non-current portion		69,510	75,650
Other payables – non-current portion		<u>334,432</u>	<u>277,139</u>
		<u><b>763,433</b></u>	<u>674,837</u>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	2,243,397	2,675,047
Other payables and accruals		2,724,348	2,133,160
Contract liabilities		1,195,408	2,257,836
Borrowings		2,601,907	767,756
Lease liabilities		26,705	26,090
Current income tax liabilities		<u>99,994</u>	<u>68,276</u>
		<u><b>8,891,759</b></u>	<u>7,928,165</u>
<b>Total liabilities</b>		<u><b>9,655,192</b></u>	<u>8,603,002</u>
<b>Total equity and liabilities</b>		<u><b>22,246,932</b></u>	<u><b>21,784,355</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2023*

(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 2023.

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 2023 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 2022, 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 2023. Accordingly, the Group’s condensed consolidated interim financial information has been prepared on a going concern basis.

## 3 MATERIAL 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 2022, 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.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 17	Insurance Contracts	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

(b) The following new interpretations and amendments to standards and interpretations have been issued but were not mandatory for annual reporting periods ending on 31 December 2023 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
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 (Revised)	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 2022.

## 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 2023 is as follows:

	Six months ended 30 June 2023				Group
	Beverages	Food	Others	Unallocated	
<b>Segment results</b>					
Revenue	<u>9,258,103</u>	<u>4,902,140</u>	<u>411,634</u>	<u>-</u>	<u>14,571,877</u>
Segment profits/(losses)	998,116	(58,214)	(422)	152,927	1,092,407
Finance income – net	-	-	-	96,170	96,170
Share of profits/(losses) of investments accounted for using the equity method	17,053	-	-	(7)	<u>17,046</u>
Profit before income tax					1,205,623
Income tax expense					<u>(329,012)</u>
Profit for the period					<u>876,611</u>
<b>Other income statement items</b>					
Depreciation and amortization	<u>374,890</u>	<u>147,438</u>	<u>17,362</u>	<u>22,096</u>	<u>561,786</u>
<b>Addition to non-current assets</b>	<u>533,954</u>	<u>78,049</u>	<u>16,557</u>	<u>68,548</u>	<u>697,108</u>

	As at 30 June 2023				
	Beverages	Food	Others	Unallocated	Group
<b>Segment assets and liabilities</b>					
Assets	8,516,042	3,520,296	873,414	8,521,331	21,431,083
Investments accounted for using the equity method	658,078	–	–	157,771	815,849
Total assets					<u>22,246,932</u>
Liabilities	3,970,449	2,773,105	272,131	2,639,507	9,655,192
Total liabilities					<u>9,655,192</u>

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

	Six months ended 30 June 2022				
	Beverages	Food	Others	Unallocated	Group
<b>Segment results</b>					
Revenue	<u>8,247,732</u>	<u>5,368,751</u>	<u>323,418</u>	<u>–</u>	<u>13,939,901</u>
Segment profits/(losses)	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)	18,750
Profit before income tax					855,521
Income tax expense					<u>(241,154)</u>
Profit for the period					<u>614,367</u>
<b>Other income statement items</b>					
Depreciation and amortization	<u>374,854</u>	<u>152,405</u>	<u>18,135</u>	<u>32,844</u>	<u>578,238</u>
<b>Addition to non-current assets</b>	<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				Group
	Beverages	Food	Others	Unallocated	
<b>Segment assets and liabilities</b>					
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	<u>810,355</u>
Total assets					<u><u>22,421,292</u></u>
Liabilities	3,966,086	2,885,448	236,614	2,760,843	<u>9,848,991</u>
Total liabilities					<u><u>9,848,991</u></u>

## 6 OPERATING PROFIT

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

	Notes	Six months ended 30 June	
		2023	2022
Cost of inventories		<b>8,512,393</b>	7,997,274
Promotion and advertising expenses		<b>917,130</b>	849,644
Employee benefit expenses, including directors' emoluments		<b>2,243,929</b>	2,090,791
Transportation expenses		<b>669,382</b>	658,982
Depreciation and amortization		<b>561,786</b>	578,238
Short-term rental expenses		<b>39,986</b>	33,738
(Reversal) of/provision for impairment of trade receivables		<b>(1,675)</b>	1,085
Provision for impairment of inventories to net realizable value		<b>6,838</b>	8,359
Gains from disposal of property, plant and equipment		<b>(3,634)</b>	(1,628)
Gains from disposal of right-of-use assets	(i)	<b>(341,797)</b>	(1,000)
Government grants	(ii)	<b>(65,784)</b>	(61,122)
		<u><u>8,512,393</u></u>	<u><u>7,997,274</u></u>

Note:

- (i) On 3 March 2023, Hefei President Enterprises Co., Ltd. (合肥統一企業有限公司) (“Hefei President”), a wholly-owned subsidiary of the Company, and Hefei Land Reserve Centre (合肥市土地儲備中心) (the “Land Reserve Centre”), entered into a land use right disposal agreement pursuant to which the Land Reserve Centre has acquired, and Hefei President has disposed of the land use right of a piece of land situated in Hefei for a compensation of approximately RMB582.5 million (the “Transaction”). Disposal gain from the Transaction is about RMB341.8 million.
- (ii) 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	
	2023	2022
Current income tax		
– Mainland China corporate income tax (“CIT”)	293,052	282,711
Deferred income tax	<u>35,960</u>	<u>(41,557)</u>
	<u><u>329,012</u></u>	<u><u>241,154</u></u>

(a) Mainland China corporate income tax (“CIT”)

Subsidiaries established in Mainland China are subject to CIT at the rate of 25% (2022: 25%) during the year ending 31 December 2023.

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 Company’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 2023.

(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% (2022: 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 2023 (2022: 8.25%). The remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5% (2022:16.5%).

## 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 period.

	Six months ended 30 June	
	2023	2022
Profit attributable to equity holders of the Company	876,611	614,367
Weighted average number of ordinary shares in issue (thousands)	<u>4,319,334</u>	<u>4,319,334</u>
Basic earnings per share (RMB per share)	<u><b>20.30 cents</b></u>	<u>14.22 cents</u>

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

## 9 DIVIDENDS

Dividends in relation to the years ended 31 December 2022 and 2021, amounting to approximately Hong Kong dollars (“HKD”)1,623 million and HKD2,115 million, were paid in June 2023 and June 2022, respectively.

The directors do not recommend an interim dividend in respect of the six months ended 30 June 2023 (2022: Nil).

## 10 TRADE AND BILLS RECEIVABLES

	30 June 2023	31 December 2022
Trade receivables		
– from third parties	664,200	816,599
– from related parties	<u>17,541</u>	<u>18,993</u>
	681,741	835,592
Less: provision for impairment	<u>(17,969)</u>	<u>(19,644)</u>
Trade receivables, net	663,772	815,948
Bills receivables		
– from third parties	<u>6,614</u>	<u>3,929</u>
Trade and bills receivables	<u><b>670,386</b></u>	<u>819,877</u>

The credit terms granted to customers by the Group are usually 60 to 90 days. At 30 June 2023, the ageing analysis of trade receivables based on the date of demand note is as follows:

	<b>30 June 2023</b>	31 December 2022
Trade receivables, gross		
– Within 90 days	<b>634,247</b>	761,851
– 91-180 days	<b>34,461</b>	62,624
– 181-365 days	<b>8,882</b>	10,105
– Over one year	<b>4,151</b>	1,012
	<u><b>681,741</b></u>	<u>835,592</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

	<b>30 June 2023</b>	31 December 2022
Trade payables		
– to third parties	<b>1,472,887</b>	2,004,296
– to related parties	<b>770,510</b>	670,751
	<u><b>2,243,397</b></u>	<u>2,675,047</u>

The credit terms granted by suppliers to the Group are usually 30 to 90 days. At 30 June 2023, the ageing analysis of trade payables based on the date of demand note is as follows:

	<b>30 June 2023</b>	31 December 2022
Trade payables		
– Within 180 days	<b>2,185,349</b>	2,628,296
– 181 to 365 days	<b>33,433</b>	18,989
– Over one year	<b>24,615</b>	27,762
	<u><b>2,243,397</b></u>	<u>2,675,047</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 Ms. Chien Chi-Lin and Mr. Lo Peter. Except for Mr. Su Tsung-Ming and Ms. Chien Chi-Lin who are non-executive Directors, 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 in 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 2023 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](http://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 2023 interim report.

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

9 August 2023

*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, Ms. Chien Chi-Lin 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.*